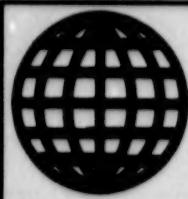


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23 JANUARY 1991



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Economic Affairs

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Role of State Orders in Future Market Viewed

914A0224A Moscow KHOZYAYSTVO I PRAVO
in Russian No 9, 1990 pp 37-44

[Interview with A. Nozdrachev: "Toward a Regulated Market Economy: The Formation of the Market and State Orders"]

[Text] Issues in the formation, distribution, and fulfillment of state orders under the transition to the market economy interest many scholars and practical workers today. Therefore the editors have turned to Doctor of Law A. Nozdrachev, who is carrying out the duties of director of the Department of Legislative Regulation for Administration, Planning, and Financing of the All-Union Scientific Research Institute for Soviet State Construction and Legislation, with a request to answer several questions of interest to our readers.

[KHOZYAYSTVO I PRAVO] What is the significance of state orders during the transition to the regulated market?

[Nozdrachev] The market is inconceivable without total independence and economic responsibility for the goods producer. Therefore it seems to many that the chief brake on this path is going to be state orders, which are to be retained during the transitional period. But this is a mistaken opinion. The nature of planning for the transitional period will be at the same time both centralized and indicative. In its structure the plan will be presented by such indicators as state orders, quotas, control figures, as well as various economic regulators.

In the transitional period, state orders will be called upon to guarantee the preservation of the economy's carcass from deformations and to protect the interests of the population and branches of production from extreme fluctuations in the state of the market. We must not put ourselves in the unstable position of the role and sphere of action of centralized planning being sharply restricted in the absence of an organized market. In that event the appearance of numerous goods that do not respond to the interests of the enterprises, population, or state as a whole would be inevitable. The new management model for the transitional period consists of a harmonious combination of market relations and state regulation.

[KHOZYAYSTVO I PRAVO] Is the essence of state orders going to change?

[Nozdrachev] State orders will undergo substantial change in the coming years.

Today basically only mass consumer goods remain at the 100 percent level. For all other types of articles, enterprises now have the opportunity to sell part of their output—moreover, in many instances a very significant part—individually on the foreign market as well as the

domestic. According to the government program, the share of centralized planning in the form of state orders will decline even further and by 1995 is supposed to comprise no more than 30 percent of the overall volume of production. The share of state orders decreasing and the right of goods producers to sell their output independently—this is the start of the market's formation.

However, under transition conditions, a new criterion is needed for forming state orders that will provide an expanded role for the consumer in establishing direct economic ties between enterprises. Limiting state orders to a list of the most important production in specific amounts necessary will facilitate the resolution of this task. The main thing is that these needs decrease and the conditions for state orders be advantageous for producers. Starting in 1991 state orders will be limited to social, scientific-technical, and defense requirements.

[KHOZYAYSTVO I PRAVO] After they are freed from departmental subordination, will the enterprises receive state orders and, if so, from whom?

[Nozdrachev] Labor collectives have the right to secede from the ministries, departments, and associations and to carry out their own economic activity independently. In doing so the enterprise does not have the right to break or unilaterally reexamine previously accepted obligations for state orders. Who will the enterprise get state orders from in the future on a contractual basis? If the enterprise has shifted to leasing relations, it can get state orders from the same ministry in accordance with the conditions of its contract. Given a transfer to interbranch or other state associations with the permission of the government, the enterprise can get state orders from other ministries as well as on a competitive basis. As before, supplying the necessary resources for state orders remains an acute problem. Here the most hopeful route is the formation of voluntary branch and territorial associations, which will create effective conditions for obtaining of profitable state orders, providing the resources for them, and fulfilling them without recourse to superior organs.

[KHOZYAYSTVO I PRAVO] What are the specifics of determining state orders for conversion production during the transitional period?

[Nozdrachev] It is naive to assume that the current freeing up of square footage, equipment, and material and labor resources will automatically ensure a proportionate augmentation of civil production in place of military. It is all a great deal more complicated. Considering their new tasks, enterprises are in need of reconstruction and technical reequipment of their capacities. They need to reorient themselves to the new requirements and conclude contracts with defense industry suppliers and suppliers of replenishing goods and so on. State orders for civilian production cannot maintain the same level as the canceled military production. In addition, the new output assortment, as a rule, is not equivalent in value to the dislodged military output. In my

opinion, state orders for conversion output ought to be minimal and settled on a contractual basis. In the process, enterprises must have the right to find customers independently, come to agreements with them on volume and types of goods based on the principles of mutual benefit. Enterprises' financial difficulties are deepened by the fact that state orders for conversion output bears a one-time nature. In this situation, with the loss of the serialness of the military equipment consignments, the already high overhead expenses become even higher. And if earlier losses stemming from the preparation of one-time orders were covered by profit from the sale of constant goods, then with the increase in conversion output this possibility is sharply curtailed for the enterprises. Therefore among organizational-legal measures it makes sense to provide for compensation for expenses for conversion and a contractual procedure for the acceptance of state orders.

[KHOZYAYSTVO I PRAVO] What are the specifics of cooperatives fulfilling state orders?

[Nozdrachev] Cooperatives have the right to accept state orders voluntarily, including under competitive conditions with state, cooperative, and other economic organizations. Cooperatives are making broad use of this right in practice. A one-time survey by the USSR State Committee for Statistics of the activities of 84,000 cooperatives employing a total of 1,980,000 workers established that cooperatives have produced output (jobs, services) for state orders valued at 960 million rubles. This comprises 10 percent of the entire earnings of the cooperatives surveyed. In order to fill a state order a cooperative must conclude economic contracts with consumers and suppliers. Getting raw and other materials at state prices, the cooperative must sell its output at those same prices. The state order must be profitable both for the cooperative and for the consumer. Practice shows, however, that this doesn't always happen. Cooperatives are trying to sell output from state orders at their own, elevated prices, thereby distorting state orders and violating the law. According to item 3, article 19 of the Law on Cooperation in the USSR, in the event that output (jobs, services) is produced according to a contract for the fulfillment of state orders, whether or not with the application of raw and other materials obtained from state resources, the cooperative is to sell it at centrally fixed prices (rates). How is oversight to be regulated? Obviously, the contract between the state enterprise that created the cooperative and the cooperative itself must indicate what the cooperative is producing for the state order account. In doing so it must indicate not only the total sum of the output manufactured for the state order account but also the goods' state price. The contract must spell out penalty sanctions for violating "state order" prices. State enterprises must carry out systematic oversight over prices in the cooperative created. This is also the competence of the local soviets and cooperative organs.

[KHOZYAYSTVO I PRAVO] What is the procedure for enterprises filling jobs over and above state orders?

[Nozdrachev] It before one of the reasons for the ineffective administration of regional economies was considered to be the limitation of the rights of local organs, then now sometimes peoples are talking about their "diktat" over enterprises situated on the territory under their jurisdiction. Indeed, one example of regional organs of authority and administration failing to observe the effective legislation is their relations in connection with enterprises' fulfillment of jobs and services assigned by the local soviets and not envisaged in the plan. As is well known, an enterprise's fulfillment of jobs or services assigned by the local soviets of people's deputies above and beyond that envisaged by the plan is brought about on the basis of economic agreements with compensation for outlays by those enterprises and organizations for which they are filled (other than work in eliminating the consequences of natural disasters and accidents). However, practice testifies to the fact that the ispolkoms of local soviets, in violation of the law, are sending the enterprises orders to complete jobs and services connected with resolving local socioeconomic problems, frequently without drawing up these relations in economic contracts.

This is what happened to the Oboyan'skiy wood stove factory in Kurskaya Oblast, which received an order to produce about 200 fans immediately for the kolkhozes and sovkhozes of the oblast to dry crude feed. To fill this order, factory workers spent more than 40,000 rubles. They went to great lengths to obtain the necessary casting, scarce bearings, and so on. When the whole set of fans was put together and presented to the customer, the oblast agro-industrial complex, it seems they had lost all interest in the manufactured equipment, valued at around 70,000 rubles. The factory couldn't rely on economic sanctions because the order hadn't been drawn up in a contract. No one accepted responsibility for the consequences of that kind of order. In the end, the factory had to sell all the equipment they had manufactured for the agro-industrial complex itself.

Naturally, enterprises should participate actively in creating and maintaining the territorial infrastructure and must be in business contact with regional administrative organs. These relations, however, must be built on a legal basis in accordance with the standards of effective legislation. Also, why shouldn't local organs utilize orders to resolve especially those social tasks in which the corresponding labor collective has an interest? Orders like that would truly begin to fulfill the social mission, intersecting with the interests of the population. Local soviets can pay targeted subsidies out of their own budget to enterprises to fulfill corresponding orders and to offer other benefits and privileges.

The number of disputes between ispolkoms of local soviets and enterprises on the subject of order fulfillment during the transition to the market is going to grow. What is the procedure for resolving them? For now there is no legal procedure for considering these disputes. It is unclear whose jurisdiction these disputes fall under, and the time limits for presenting and considering claims

have not been determined. I think it is a good idea for these disputes to be considered by organs of state arbitration in view of the fact that relations in the creation, support, and utilization of the territorial infrastructure are mainly regulated by standards of economic legislation.

[KHOZYAYSTVO I PRAVO] How, in your opinion, should the general procedure for forming state orders be improved?

[Nozdrachev] The effective regulation refers the forming of state orders to the joint competence of USSR Gosplan [State Planning Committee] and USSR [State Committee for Material and Technical Supply] Gossnab. Here the suggestions of the ministries and departments of the USSR, the councils of ministers of the union republics, and the interbranch state associations must be taken into account. However, confirming the content of the state order is the exclusive competence of USSR Gosplan. One gap in the current legislation is the absence of any opportunity for the implementers of state orders to participate in their formation. In my view, the implementer, who has the right to insist on resolving the issue of the consumers of the output, must take part in making up state orders in one form or another. This is particularly important for individually implemented output with a long manufacture cycle. It is the participation of the implementer in the formation of state orders that creates the preconditions for its competitive distribution. It is highly likely that it will be given to the enterprise that can fill it with the lowest costs assuming the requisite quality of the output is assured.

The effective legislation also does not give the consumer of the output (jobs, services) the opportunity to participate in the formation of state orders in one form or another. This situation and the traditional way of carrying out state orders vertically from the producer contradicts the standard definition of state orders as guaranteeing the satisfaction of urgent public requirements. It is clear the large role, say, that consumer data on the need for given output could play in forming state orders. Often buyers reject the output. From this standpoint the provision that in the event of the consumer's refusal to accept the output (jobs, services) included in the state order the superior organ will introduce the corresponding clarifications into the state orders has turned proved ineffective. It seems preferable to establish a procedure for the consumer to participate as well in forming state orders, at least at the stage of preparing initial information for forming the state order. A precise definition of the rights of the customer in forming state orders would actually facilitate the development of competitive principles in their distribution.

[KHOZYAYSTVO I PRAVO] Should the procedure for distributing state orders be changed?

[Nozdrachev] State orders frequently get to enterprises with the help of administrative and economic pressure. These means of distributing state orders do not enjoy

broad support. The chief deficiency of current practice in distributing state orders is the fact that regulations on the competitive and contractual basis of state orders, which would guarantee it an appropriate foundation, have not been properly implemented. Superior organs are not fulfilling their obligations to ensure enterprises all the necessary quotas of material-technical resources, the sale of output, and the organization of work upon the conclusion of contracts. Should the consumer refuse the output, say, that output would be excluded from the state order. Under those conditions the superior organs are freed from any responsibility for the sale, which you have to admit is well founded. When a change in state orders comes about at the suggestion of USSR Gosplan, USSR Gossnab, or the councils of ministers of the union republics, any losses incurred must be compensated out of the union or republic budget. This process and the amounts of compensation for loss, however, have still not been regulated in a standard procedure.

Enterprises' interest in receiving state orders and their fulfillment can be ensured by economic means: price, tax benefits, additional allocations to economic stimulus funds. Experience shows that including in enterprise plans what are for them unprofitable goods does not yield desirable results. The effective legislation provides for the use of economic stimuli to strengthen labor collectives' material interest in receiving state orders, their timely or high-quality fulfillment only for enterprises in the processing branches of industry as well as contract construction-design organizations. Meanwhile, all enterprises to which state orders have been distributed for the supply of production are full-fledged subjects of the relations for its fulfillment. They too must have the right to additional economic privileges with respect to payments out of earnings (income) to the state budget, centralized funds, and reserves.

State orders are a new type of vertical relations that must be mutually advantageous and formalized in contracts, with reinforcement of material responsibility for the fulfillment of accepted obligations.

[KHOZYAYSTVO I PRAVO] Your opinion on means for improving the provisioning of enterprises filling state orders.

[Nozdrachev] The principle of forming state orders envisages not only a guarantee to sell the output but also to provide them with material-technical resources on a priority basis. This has not been specifically reinforced in legislation, which has led to countless disasters for enterprises. The requirements of the producer of the output included in the state order must be obligatory both for the supplier of replenishing goods and raw and other materials, which become for the supplier a state order with all the inherent economic priorities.

Output allocated according to quotas must be directed first of all to the complete provisioning of production (jobs, services) for state orders. Contracts aimed at

resource provisioning for state orders must be mandatory for the producer with respect to both centrally distributed output and undistributed output.

But what are we to do when it is impossible to provide state orders with the necessary resources? In my view, the practice of organs issuing a state order and later decreasing it for the part not provisioned with resources in time, is legal and well founded.

[KHOZYAYSTVO I PRAVO] Should the mechanism for responsibility in delivering state orders be changed?

[Nozdrachev] Today the producer's responsibility for accepting and fulfilling state orders has been substantially weakened. Concrete measures of economic responsibility for nonacceptance and nonfulfillment of state orders are necessary. The problem is that the rights of the enterprises were significantly expanded, although some collectives have not used the freedom they were given in the best way. Deliveries of many inexpensive goods to the consumer market have started to be curtailed, and instances of nonfulfillment and even nonacceptance of state orders have become more frequent, which has sharply worsened the material-technical supply of entire branches.

I feel that we must have a norm prohibiting any deals for the sale of output before state orders have been completely filled.

Refusal to fill state orders must be looked upon as a violation of legislation. It makes sense to strengthen material responsibility for unjustified deviation from the conclusion of economic contracts for state orders.

According to resolutions on supplies, the application of property sanctions for the violation of obligations is the consumer's right. This norm regulates relations both for supplies for freely sold output and for the sale of goods for state orders. But is it justified to apply it to state orders if we remember that we are talking about supplies of output and goods for the satisfaction of urgent public requirements, the acceleration of scientific-technical progress, and the structural perestroika of the economy? Obviously, applying sanctions for nonfulfillment of obligations of supply or nonsupply for state orders must be the legal obligation of the receiver of the production.

Passage of such a norm takes on special significance under conditions of the formation of the market. In accordance with the USSR law: "On Enterprises in the USSR," passed by the USSR Supreme Soviet on 4 June 1990, the enterprise is obliged in its activities to take into account the interests of the consumer and his requirements for quality of output, jobs, and services.

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INVESTMENT, PRICES, BUDGET, FINANCE

Minister Pavlov on Reform Measures Needed in Finance

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in Russian No 49, Dec 90 p 15

[Article by V. Pavlov, USSR minister of finance: "What Kind of Market Do We Need?"]

[Text] *The financial situation in the country is deteriorating. The infusion of more and more "empty" money into circulation gives rise to panic buying and inflation and undermines the reserve of trust in state policy not only inside the country but abroad as well.*

If we speak in plain terms, this is evident disregard of the national (or interethnic, to be more accurate) financial fund which takes the form in individual cases of defying one's obligations to the Union budget. Things are reaching the point of absurdity. The chairman of a rayon soviet, for example, may arbitrarily prohibit the transfer of profits received on territories under his jurisdiction into the Union budget. In a number of places there is open pressure on banks not to give anything to the center.

One fact is apparent—they are trying to change the old command system of centralized finances using pressure from below. This is understandable. The former system of diktat over everything that concerned the socioeconomic sphere bound the hands and feet of the local organs and deprived them of their independence. And, of course, financial policy developed in this same manner. But the socioeconomic restructuring of society on principles proclaimed by perestroika demands the immediate creation of a stable, economically secured financial base for territorial formations of all types. We are far behind the developed countries in this. There is also no disputing that our national institutions, first and foremost the USSR Supreme Soviet, should have their own guaranteed financial base—to have the right to carry out a unified financial policy on the whole territory of the country. It is absurd to form 15 or more economic units and their appropriate markets and as many financial and credit systems functioning within the borders of the territories with an isolated financial and tax policy and their own currency, inasmuch as the market is international in nature and cannot have administrative, territorial, or any other kinds of borders. A society based on any other approach is simply not viable.

Finances and financial policy can and should be a powerful consolidating factor in our society. However the Ministry of Finance cannot carry this out alone. Especially today, when the financial and credit systems are practically ruined. The unified system of the USSR State Bank is practically destroyed to its foundations. A number of "specialized" banks have been artificially formed which have not made any essential changes in

the way loans are assigned. Attempts to revive an integral banking system for the country do not go well and are met with opposition on the part of those who intend to divide the state.

The reality is such that it is almost necessary to start from scratch. Many links in the financial and credit system are deformed, and financial relations between the state and the sphere of material production, the state and the population, and the center and the regions are out of balance. For finances, the past years of perestroika have virtually been lost. Much effort and energy has been wasted on the creation of empty documents and on conversations about fundamental reforms. In the meantime, during that same period the consumer onslaught against finances and the budget grew sharply stronger and the national domestic debt "jumped" to 400 billion rubles [R]. By way of comparison I will say that in 1970 it was about R40 billion and in 1985 it was R142 billion. The Union Government may, of course, be blamed for all mortal sins. That, as they say, is the easy way out. But we need to analyze the deeper reasons for the protracted destabilization of finances.

The first budget adopted by the USSR Supreme Soviet after the new elections was quite reassuring. For the first time in many years we had succeeded in planning not only a halt in the growth of the budget deficit but a reduction of its volume by one-third. And at first it seemed that a noticeable improvement in finances had begun. However, soon the situation deteriorated sharply again. If we do not take timely, radical, emergency measures, next year the budget deficit, according to economists' calculations, will exceed the critical R200 billion mark. The causes are directly connected with the growing lack of balance between the country's economy and the consumer market and the destructive actions of nationalist elements in a number of regions.

From the administrative command system we have inherited the legend of supposedly unlimited financial reserves which can cover any problems. From that we go to overreaching promises to give more wealth to everyone. But there is no more wealth, and in the meantime the burden increases on monetary circulation and inflation.

The reasons for the miscalculations and mistakes in our economic and financial policies lie, as they say, on the surface. They consist of half-measures, patchwork decisions, and attempts to decide everything with popular methods, that is to say essentially through populism.

A decisive turn toward a market economy is viewed as a way out of the crisis. But the problem is that we still have not broken the administrative command system; we have only tickled it a little. It continues to exist and shows uncommon vitality. One of its main manifestations is the vicious practice of the provision of materials and equipment, which essentially represents compulsory exchange in kind, an exchange that is unprofitable in all cases. This system is attempting to survive under the

guise of being a "regulated market economy," presupposing, of course, regulation by bureaucratic methods. But that is nothing less than a misinterpretation of the very idea of a market.

There is another error in the assumption that the market may be "opened" by decrees alone. If everything was only that easy! During the transition to the market we are required to resolve a whole complex of problems such as introducing methods of regulating national economic proportions after the virtual repeal of the state order system, restructuring taxes and the pricing systems, and restructuring loans and financial and budgetary relations between the center and the localities. These and many other problems can only be resolved with the creation of a sufficiently stable and reliable self-regulating mechanism which will allow for consistent repair of the economy and finances, normalization of monetary circulation, and a real increase in the material sufficiency of the population.

And so the market has been chosen. It is primarily a question of a market of capital providing a basis for the transition of production over to the principles of self-regulation. The mechanism of regulation itself should have effective instruments for maintaining social guarantees for the population.

A market economy, as everyone knows, begins with movement of prices. In our country even today a state monopoly formally exists on the establishment of prices for an enormous quantity of goods. It seems that this should deliberately rule out inflation. However, the supply of many goods begins to shrink and this has an effect on the level of prices. Prices increase. And no administrative prohibitions will halt that phenomenon. And this means that demonopolization of pricing is inevitable. First and foremost it is necessary to level out wholesale prices for the output of the extraction sectors of industry and move them up to world levels. A review of these prices has been postponed repeatedly and now, on the eve of the transition to the market, a large quantity of enterprises of these sectors are in significantly worse economic conditions than, for instance, machine-building enterprises. But that is not the only problem. The time has come for a reform of pricing itself. Prices should be mobile, flexible, and regulated by supply and demand.

The mechanism of free pricing must necessarily have levers permitting the state to regulate the level of prices on goods that are vitally important for the population as well as on goods whose output is monopolized for the present by individual producers. Otherwise an abrupt decline in the standard of living will unavoidably take place. All this indicates that the transition to the market will require time and a succession of stages. There is a hope that social tensions brought forth by the increase in prices on the consumer market can be reduced by indexing the population's wages—I believe this hope is groundless inasmuch as the first ones to profit from this are those who receive a large income.

The tax reform which has begun in the country is an organic part of a regulated market economy. The development of goods-and-money relations allows us to realize genuine democratization of tax policy and to free the enterprises from petty interference and departmental diktat. Ministerial requisitions, which have frequently amounted to theft, are completely excluded. Within the framework of a unified state system of taxation no one will have the right to dictate to an enterprise how much and where to send its personal assets. Full democratization of the financial ties of the central and local organs will guarantee the economic independence of the territories.

An infusion of capital and the establishment of horizontal ties between producers will stimulate a restructuring of the organizational structure of production and will lead in the end to the formation of new types of associations, concerns, and enterprises. A self-regulating mechanism of "opening up bottlenecks" in the economy and of its gradual transition to a balanced basis will appear.

Improving tax legislation is a daily practice of the world community. However, the basic conditions and goals of the regulation of taxes abroad and in our country are different in many ways: Abroad it takes place against a background of a market sated with goods, one which reacts flexibly to consumer demand. It is a different picture in our country—a market of shortages, no balance between supply and demand, and disrupted monetary circulation. Therefore, one of the chief goals of tax reform is to actively promote the establishment and normalization of the consumer market and to back the ruble.

Undoubtedly, references to foreign experience in arguments concerning volumes of taxes are of no worth inasmuch as a system of taxation that is constructed in an economically incorrect fashion will become an additional stimulator of inflationary processes.

One does not need to go far for examples. Take the attempt, not so very long ago, to restructure the system of economic incentives. Its result was a tenfold increase in allotments of profits and other assets into the consumption funds of enterprises for a comparatively small space of time. At the same time, practically nothing positive occurred in the economic and financial activities of the enterprises inasmuch as Gosplan, Gossnab, and the ministries strictly regulated it from the center as before. And the most important thing: The outdated practice of a diktat system for the provision of materials and equipment was preserved. As a result, there was nothing on which to spend the money which appeared at the enterprise except wages. It was also not possible to turn the money into capital because more often than not there was no reserve capacity or labor force available. The administrative command system "skillfully" disposed of those monetary funds of the enterprises not converted into goods. A significant portion of the assets

earned by the enterprises were withdrawn to the centralized funds of the ministries for the most part in order to subsidize farms that were unprofitable or not sufficiently profitable.

An object of special concern is the struggle with the budget deficit. Our economy, unfortunately, functions under conditions of an unconvertible currency, and the transition to a convertible ruble is a very complex matter which will take more than one day. But we can no longer postpone the financing of timely social programs. And it should be carried out on a sufficiently reliable basis. As a result we are fundamentally restructuring budget policy in the sphere of material production. Nonreturnable budgetary financing of production investments will replace budgetary loans. The revenue portion of the budget should be strengthened under conditions of regulated market relations—on the basis of an abrupt growth in the production of material goods and a victory over the lack of balance in supply and demand. We will be able to strengthen the ruble, and we will fill the market with goods—that means we will take a decisive step toward surmounting the budget deficit. In turn this will be a major step toward convertibility of the ruble.

A few words about restructuring credit policy. The illusion of the unlimited nature of our financial possibilities has cost us dearly. Whatever did not "fit into" the budget was easily switched over to credit, which was (and remains today) inexcusably cheap. In essence, it has become one more channel for the nonreturnable financing of the demands of material production. As a result the emission of credit has harmed monetary circulation to no less a degree than the budget deficit.

In order to avoid this in the future, we need strict coordination of budgetary and credit policy: A credit ruble, like a budgetary ruble, should be backed with goods and secured with tangible assets. With this purpose in mind, we will raise the price of credit and make it more "expensive," and we will bring our loan interest rate closer to world rates and put our interest rate policy on the basis of supply and demand.

In this fashion, I believe, we will succeed in resolving a two-pronged task: To stimulate a more productive use of industrial capital and treat credit itself as capital, and to "unfreeze" the loan fund from the huge debts that have accumulated and achieve high mobility for it. In short, we are speaking of the full commercialization of credit.

Goskomtsen Investigates High Co-op Prices

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[Article by I. Salimzhanov: "Such an Easy Profit. Goskomtsen Inspectors Have Surveyed Primitive Arrangements for Inflating Prices in Cooperatives"]

[Text] Why has a cooperative brand become almost synonymous with high prices? They say that the root cause of it is in the fact that cooperatives have been cut

off from wholesale raw-material markets and are forced to buy raw materials at sky-high prices. In many cases, this is precisely the cause of high prices in cooperative trade. However, practice indicates that there are other sources and loopholes that allow dishonest people to generate easy profits or, in other words, receive what they have not earned.

The Committee, in cooperation with its republic and local divisions, continuously monitors compliance by cooperatives with state regulations on prices and takes current measures aimed at eliminating the violations detected. There have been quite a few violations.

Taking advantage of a shortage of goods and services and the absence of competition, many entrepreneurs set prices for their goods that exceed state prices by factors of two, three, or more. Moreover, in an effort to obtain high profits, the cooperatives frequently violate price regulations even in the rare cases when they are obligated to use centrally set prices. As a result, they cheat their customers out of many millions of rubles.

In the nine months of this year, the Main Administration for Price Control of the USSR Goskomtsen [State Committee on Prices] and the control divisions of the price-setting organs of the RSFSR [Russian Soviet Federated Socialist Republic], the Ukrainian SSR [Soviet Socialist Republic], the Belorussian SSR, the Kazakh SSR, the Tajik SSR, the Uzbek SSR, and other Union republics verified the correctness of prices for products and services in more than 11,000 cooperatives. In 3,154 cooperatives, cases were found where prices were unjustifiably inflated. The illegally obtained profits and fines subject to forfeiture to the budget amounted to 26.8 million rubles [R]. The cooperatives contributed to the budget only R6.3 million from this amount; the rest will be collected through arbitration.

Last year, about 13,000 cooperatives were audited. Almost one in four inflated prices. The illegally obtained profits and fines confiscated by the budget exceeded R12.6 million.

According to regulations, the cost of products and services is determined in a centralized manner when cooperatives purchase raw and other materials and subcontracted parts at state prices. However, most cooperatives violate these procedures. Cooperatives in the sphere of public catering are particularly guilty of this.

It was planned that the cooperatives would make an effort to develop their own raw-material base for public catering and use production waste and recycled raw materials for manufacturing goods. However, entrepreneurs do not find these highly labor-intensive activities attractive. They prefer to use state resources for producing goods and rendering services. However, it is absolutely clear that in many cases this does not benefit our society by means of an increment of production or the saturation of the market with goods.

Thus, out of the 553 public-catering cooperatives audited in the RSFSR only 21 had their own raw-material supply.

Under the law, cooperatives that lease state enterprises or their subdivisions become legal successors of the asset rights and obligations of the state enterprises and their commitments to sell products envisaged by contracts. In the process, the products manufactured should be sold at wholesale, procurement, retail, or contract prices envisaged for the state enterprises.

In reality, almost all the cooperatives set up on the basis of production shops or sections of state enterprises substantially increase prices for their products compared to state prices. Existing economic relations with the consumers of products are unceremoniously severed if the latter do not agree to higher prices. Windfall profits are not invested or used to expand production, but rather are channeled into the wages of cooperative members.

For example, the cooperative "Metallurgist" was organized effective 1 January 1989, on the basis of the foundry section of the Moscow Experimental Engineering Plant of the USSR Minneftegazstroy [Ministry of Construction of Petroleum and Gas Industry Enterprises]. In 1988, the section delivered to consumers 1,696 tons of cast iron worth R423,000 at price-list prices, whereas last year about 1,450 tons were delivered, but this time at contract prices, worth R1,960,000.

The "Electron" cooperative in Vyborg leased industrial space, equipment, and machinery from the "Elektroinstrument" Plant, received energy carriers from the plant, and was supposed to supply electric instruments to trade under contracts signed by the plant. Trade did not agree to inflated prices, and the cooperative sold electric instruments to other consumers at twice the price.

Not only the cooperatives but also the state enterprises that have leased their production capacity have allowed the violations of law to occur.

Local soviets of people's deputies do little to ensure that the cooperatives cater to the needs of the populace. The sphere of cooperative operations is increasingly geared to providing services to enterprises and organizations.

Thus, in Kuybyshev Oblast the share of services to the populace rendered by the almost 3,000 cooperatives registered as of 1 September 1990, in the total revenue of cooperatives came to 12.3 percent instead of 87 percent in 1987 and 55 percent in 1988. This is particularly characteristic of the repair and construction cooperatives, which have virtually turned their backs on the needs of citizens.

As practice shows, state enterprises frequently set up cooperatives solely with a view to transforming noncash funds into cash. In November, the USSR Council of Ministers adopted a resolution intended to block this channel, which brings about the unjustified growth of monetary incomes and mounting inflation. Thus, the

compulsory financial monitoring of cooperatives created at enterprises by these enterprises was introduced. Effective 1 December 1990, the state enterprises should perform operations involving monetary settlements with the cooperatives only through special subsettlement accounts opened at banking establishments.

Unfortunately, so far economic levers have not effectively influenced the education of civilized cooperative members. This is why the local soviets of people's deputies and state organs should defend consumer rights under the circumstances by stepping up the monitoring of operations by independent entrepreneurs.

Measures for Regulating Inflation Examined

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[Article by S. Lushin, doctor of economic sciences and professor]

[Text] A completely new process is taking place in our country's economic life—the transition from an administratively planned economy to a market economy. That process has been studied very little, and there exist no theoretical recommendations whatsoever on achieving it successfully. At the same time, as the experience of a number of countries demonstrates, this transition is accompanied by a rapid rise of prices and money income of all participants in production and distribution; that is, what is usually indicated by the term "inflation" occurs. It is obviously an idle pursuit to repeat the stereotyped arguments that it does not belong in a socialist economy and ought not to occur. It is far more worthwhile to try to clarify what causes are generating inflation, how to counteract it, or at least to regulate this process.

In our opinion, the occurrence of inflation is brought on by the real economic situation in the country. Sometimes the outbreak of inflation is represented as a consequence of the transition to market relations, and arguments are advanced on that basis to preserve the previous economic system. This should be analyzed. The occurrence of inflation is not explained by the transition to the market itself, but by the fact that it existed even before, in the framework of the administrative system of planning, but in a concealed, suppressed form. In this case, market relations figure only as a method of transforming inflation from one form to another. Back at the end of the seventies, physical and financial imbalance in our economy was officially admitted, and that essentially signified acknowledgment of concealed inflation.

The experience of many countries indicates that when central planning has been operated for a prolonged period, disruption of the balance of physical and money flows is as a rule inevitable. In the case of our country, this was manifested in deformation of the economic structure, excessive predominance of machines and equipment in the social product and in industrial output. Extensive methods of economic development resulted in an excessive investment burden, immobilization of

immense resources in excessive productive capital, immense unfinished construction, and disproportionate physical stocks. Yet wages were promptly paid, bonuses were awarded, and economic incentive funds were built up for the creation and subsequent "mothballing" of all these physical goods. Within the framework of administrative planning, nothing stood in the way of all that income, there was no physical counterpart for it. If we add the "parity" military expenditures and the residual principle of meeting the needs of the public, then the picture will be more or less complete. The economy's imbalance was expressed in summary form in two indicators: the budget of the state deficit and the surplus of personal income over personal expenditures. It is clear that the structure of production and distribution taking shape in the country has given rise to disproportions and above all a surplus of money income compared to physical resources.

It must be said that disproportions in the economy still do not in themselves necessarily bring about a disruption of physical and financial equilibrium. In theory, it could be safeguarded regardless of the disproportions by raising prices and restricting the growth of personal income. But this involves large social costs and depends on the harshness of decisions made by the controlling center. In actuality, we had centralized planning in the classic form only up until 1965. The period between 1950 and 1965 can be seen as relatively favorable for financial and physical equilibrium, mainly because of the strict limitation on the growth of income and the juggling of prices. During the reform that began in 1965, there was a relaxation in the formation of personal income. The material incentive fund emerged in enterprises, it became regular practice to raise the level of remuneration of labor in certain sectors and regions and in the economy as a whole, mainly using budget resources. Although according to the decrees that were adopted these changes were to take place by means of a rise in production efficiency, actual income grew independently of any shifts in the organization of work, resource conservation, actual updating of the assortment of products produced, but because their growth had been planned the growth rates almost always exceeded those which were planned. This process gathered strength during the seventies. That is how the prerequisites were created for the present inflation and universal conviction that income can and needs to increase solely because that is a very attractive idea.

The broadening of the independence of enterprises when perestroika began removed the last administrative restrictions that stood in the way of a rise in the income of workers (establishment of the wage fund from above, the ratio between the growth rates of labor productivity and those of the average wage, and so on). The attempt to introduce a regulating tax on the growth of the wage fund was essentially defeated by the numerous exceptions to the law that was adopted. Personal income grew 12.9 percent in 1989 and 13.3 percent in the 1st quarter of 1990. The genie was released from the bottle. At the

same time, the budget deficit grew because of the deterioration of conditions in foreign trade, unsuccessful measures to combat alcoholism, and the growth of expenditures for social purposes. A typical economic situation favoring inflation came about, 90 percent of which resulted from the development of trends that took shape even before perestroyka.

Whether or not the accumulated inflationary potential turns into classic inflation depends on the methods and pace of the transition to market relations. One of the main questions in creation of the income is the reform of pricing, which presupposes a considerable expansion of the sector of equilibrium prices, i.e., prices that balance supply and demand. Since these measures seem objectively necessary and inevitable, it is equally inevitable that concealed inflation be transformed into manifest inflation, i.e., that a steady trend of higher prices occur.

Does this have to happen, and is concealed inflation not better than manifest inflation? In our opinion, it is preferable to deal with manifest inflation. First, the development of market relations is possible only in that case. Second, suppressed inflation and the system of subsidies that accompanies it distort all economic comparisons, including calculations of economic efficiency, they encourage speculation, they stimulate economic criminality, economic ties get disorganized, bartering begins, i.e., they lead the economy toward degradation.

One way or another, the road toward the market, i.e., toward the way out of the present state of crisis, passes through inflation. But different versions of manifest inflation are possible, and we have to strive to keep its rates low and its duration short. This depends in large part on the order in which the pricing reform is carried out and the subsequent income policy. The main condition is that this reform promote equilibrium between physical goods and money. Externally, it will appear to be a substantial rise of prices (inflation is also expressed in the rise of prices). The natural question that arises is this: Is it not possible to confine ourselves to reform alone and not allow the subsequent inflation? In terms of formal theory, this is possible, but it is not feasible in real terms. This variant presupposes an abrupt single rise of all prices in the economy (apparently threefold), while at the same time the growth of income of all entities carrying on economic activity, including individuals, would be tightly restricted. Something of the kind occurred in 1947, when material and money equilibrium was established all at once in the economy, mainly at the expense of the population. Now such "measures" are intolerable and dangerous. The raising of prices that occurred during the reform must be offset by a rise of income—whose and to what extent are a matter for specific analysis. It is clear that there cannot be full compensation, and the smaller the compensation, the nearer we will be to a state of equilibrium, but we cannot be carried away by formal solutions, we need to keep our eye on the social and psychological situation in society.

In that train of events, the reform of pricing will be only the first step (possibly the largest one) along the road to equilibrium, and the subsequent steps would be an inflationary rise of prices under the influence of current disproportions of demand and supply. Another reason why it is not possible to confine oneself only to raising fixed prices is that equilibrium prices cannot be determined from an office desk. They have to move freely, and it is this movement that will create the conditions for equilibrium between supply and demand. What is more, if the present growth rates of personal income continue, then a corrective rise of prices is naturally indispensable. After all, in the present situation it is time to speak not about compensating income starting from the rise of prices, but on the contrary about compensating the rise of prices starting from the rise of income. But regardless of the circumstances we must try to keep inflation manageable, i.e., so that it occurs within certain limits, for example, the rise of prices ought not to exceed five percent per year, and so on. And at the same time we should not forget that it is undesirable as an economic process by definition, since it reduces the value of money, disrupts economic assessments, and in particular holds back investments. That is why taking up manageable inflation as a weapon is a case of choosing the least of the possible evils, it is not because everything is going well that the choice must be made. Social and other conflicts are the greater evil. As a matter of fact, what reasonable measures can combat a 15-percent rise of personal income? The production of goods and services cannot increase at that rate, people are not accustomed to taxes, they consider them "plundering," even though our personal income taxes are the lowest in the world. Prices and their dynamic behavior have to be used to protect the market, that is why it is so important to review pricing principles and make the transition to equilibrium prices.

In the management of inflation, the main opportunities are on the side of forming income, not prices. That is why reduction of the budget deficit and regulating the growth rate of personal and corporate income take on paramount importance. It is from that position that one can make an accurate assessment of income policy and compensation for income (indexing) in connection with the rise of prices. Aside from the meaning these prices have to social welfare, this is what can be said. If the country had a global system of indexing personal income, i.e., if income increased as a function of the rise of the price index, then continuous progressive inflation would occur. In Yugoslavia, Vietnam, Poland, and several Latin American states, inflation rates of 1,000 percent per year occurred precisely because of a considerable indexing of income. The explanation is simple. As soon as inflation reaches a level of more than 120 percent per year, the flight from money begins. The commodity takes on additional advantages in the eyes of the purchaser as compared to money, which is losing its value. On a completely free market, the commodity price index always outstrips the income index. A new equilibrium is established between supply and demand to

correct for the preferential nature of the commodity. But the system of income indexing does not make it possible to stop at this point and stimulates a further leap of prices and income.

It has to be taken into account that income indexing performs its function of protecting certain categories of the population under the conditions of a balanced market, when the augmented income can easily be used. On our unbalanced market, income indexing may not even be accompanied by preservation of real consumption, and its main impact will be reduced to a further rise of prices, i.e., to stimulation of inflation. This means that income indexing must be used very cautiously, exclusively for indigent categories of the population, otherwise the rise of income will throw the market out of kilter.

The predominant impact of the dynamic behavior of income on inflation does not preclude a certain influence of the state on the level of prices as well. Our monopoly producers might very well engage in exploitation of the market through prices as the restrictions of administrative planning are removed. The methods of centralized influence on the price level under market conditions are not well developed. It is evident that the large producers (their associations) must reach an agreement with state authorities on the dynamic behavior of the average prices of their products; the form and content of the agreements must allow for monitoring their performance and envisage some sort of penalties for violations.

The reform of pricing and the transition to manageable inflation are becoming a decisive factor in the further development of the economic reform and the effort to overcome the crisis. It is very important not to allow two- and three-digit inflation, since overcoming it requires a long time and sacrifices. Successful performance of this task requires the use of every capability of financial and credit policy. Eliminating the budget deficit has immense importance. That deficit is stimulating the issuing of cash and creation of noncash money and is promoting a growth of income and inflation. A relatively small deficit may occur provided it is covered by the issuing of securities.

A monetary reform has also been proposed among the radical measures of combating the disequilibrium between material goods and money and the inflation it generates. This complicated question requires a specific examination. Under present conditions, it is harmful to the economy in any form (revaluation, confiscation, a parallel currency). The confiscation version of the reform is particularly dangerous. The main argument in favor of it, however strange it might seem, is not economic, but sociopolitical. It is based on the assumption that personal accounts in savings banks and money on hand include a great deal of money that has been realized improperly. In order to punish the thieves, speculators, and operators in the shadow economy, it is proposed that a sizable portion of money be taken away from the

population. The very proposal is illegitimate for a civilized society. But suppose that we are condemned to that kind of reform. Its accomplishment offers nothing in terms of achieving equilibrium in the economy. The most that could be taken away is 200 billion rubles, and the growth of personal income alone exceeds 60 billion rubles per year today and displays a growth trend. This means that a reform has to be carried out every two or three years. The consequences of the reform will be that the population will lose confidence in the state and in the savings bank system, and the resources of the savings bank are after all the basis of the credit fund; a further drop in incentives for conscientious and honest work; and a reduction of the volume of production. Some advocates of reform propose taking money away not only from individuals, but also from enterprises, from their settlement accounts and current accounts in the bank. One cannot deny the logic and consistency of such arguments, but at the same time they also demonstrate the erroneousness of the initial positions of their authors.

The disorganization of material and technical supply, which is related mainly to monopolistic behavior on the part of enterprises that have gained their independence, has nothing directly to do with upsetting the material-money equilibrium related to the sale of machines and equipment. The system of automatic credit financing of enterprises, making it possible for them to pay for whatever purchases they make, has great importance here. It is not difficult to see that the confiscation of money from enterprises will have very unpleasant results. The most important of them is that the economic reform will be discredited, the impossibility of putting order in economic relations on the basis of market relations will be acknowledged.

Confiscation methods of regulating the money supply come under consideration only under extraordinary circumstances. A difficult war and its consequences represent circumstances of that kind. We have to see clearly the fundamental difference between the country's present economic situation and the postwar period (1946-1948). One of the important aspects of this difference is that a rapid growth of production was observed in the postwar period, but now the rates of its growth are very low, and there is a reduction in some sectors. There is every reason to suppose that forcible reduction of personal money savings and savings of the economy will cause a substantial drop of production. We should mention in passing that the amount of money savings ("stocks of money") must be considerably greater in a market economy than in a centrally planned economy. If we compare the amount of all money in the economy to the volume of production, in our country this ratio will now be considerably less than in the advanced capitalist countries. It is evident that a balanced market can be successfully accompanied by large money savings. To that end, the economy must be aimed as much as possible toward meeting the needs of the public.

If monetary reform through confiscation is inapplicable as a whole, this does not mean that after the reform of

pricing and after the prices of a number of products have been allowed to go free, that as a tactical maneuver one cannot institute temporary restrictions on use of money which the population has in bank accounts. It is possible to restrict the amount of money which a depositor is allowed to withdraw during the year or even within the month, to make it mandatory that large amounts of deposits be spent through credit transfer to specific recipients, and so on. These measures, of course, do not make the government any more popular, but they are better than the confiscation version (if they are found to be indispensable).

The transition to market relations fundamentally alters the role of the financial and credit policy and enhances the measure of its impact on current economic processes, including the management of inflation. New opportunities arise, and among them there is particular interest in changing taxes and depreciation rates and interest rates on credit. They are more accessible and comparatively easier to carry out than, say, reduction of the budget deficit or a change in the exchange rate of the ruble.

Since the economy's administrative system is being reformed and prices are gaining a certain freedom and interest rates are fluctuating, the prerequisites are being brought about for influencing the behavior and interests of producers and consumers by maneuvering with taxes, depreciation rates, and interest rates. That impact can be given an anti-inflationary thrust. The combating of inflation is usually associated with the raising of taxes.

In and of itself, the raising of taxes is a contradictory factor, since it can cause a drop in production efficiency insofar as it reduces the amount of available funds possessed by enterprises and entrepreneurs, and everyone who pays taxes has less of an incentive for economic activity. This assessment of the rise of taxes does not depend on inflation.

If inflation is occurring as a steady factor in the economic situation, then the question arises of regulating it. Hypothetically, up to a rate of five-percent-per-year inflation is tolerable (sometimes useful), but above five percent it is dangerous. Can taxes (changing the tax rates) affect the development of inflation, keep it within the desirable limits? This depends on the state of the economy and of the market.

If there are no administrative limitations on the growth of prices, and there should be none in a real market, the impact of taxes (a tax increase) will be determined by whether every businessman (enterprise) is able to offset the taxes by raising prices, i.e., will the market accept his higher prices. If so, then the rise of taxes will itself become an inflationary factor. The higher the tax rate, the higher prices will be. It is quite realistic to think of tax rates whose compensation requires prices unacceptable to the market. What is more, the raising of taxes can also have the result that the commodity producer loses interest in increasing production and even in stabilizing

it, regardless of the level of the prices of the product, i.e., the higher tax could be offset by raising prices.

If the market does not allow prices to be raised, there is a shrinking of the resources at the producer's disposition. Whether he will be able to offset the absolute reduction of resources depends on the dynamic behavior of the volume of sales. But in this case it is clear that the tax increase will push production. In the context of a "normal" market, then, a tax increase either results in a rise of prices or a deterioration of the producer's economic condition. The latter consequence, although it does embody a certain anti-inflationary effect (because of the producer's reduced demand), holds back economic development itself.

What is more, the state, having obtained additional money resources, will usually commit them to financing its own needs (defense, social welfare payments, and so on), which boosts demand in other areas of the economy. Aggregate demand in society will not change, but the change in its structure could bring about a rise of prices in other sectors of the economy. This also detracts from the anti-inflationary effect of the tax increase, which would be more appreciable if the state simply immobilized the increased collection of revenues. But that possibility is not very likely, since the pressure on the state in the form of demands for financing all kinds of needs is extremely great. The persistent budget deficit in almost all countries furnishes evidence of this.

Thus, the anti-inflationary impact of a tax increase is possible under rigid constraints and in a rather narrow range. On the one hand, it presupposes a reduction of amounts of financial resources held by enterprises, i.e., reduced demand of those who possess income, but on the other hand it must not be accompanied by a compensating or faster rise of prices and loss of incentives for business activity and a decline of production. It is very difficult to observe such contradictory conditions.

At the present time, enterprises which are in the state sector are using the expansion of their independence mainly to raise the prices of their products and in turn the income of their workers. They are trying in this way to come closer to the level of income of cooperatives, leased enterprises, and so on. The desire to increase the income of various groups of workers is one of the main factors of inflation at the present time. That is why a general disposition toward higher prices and income has formed in the economy. Given that situation, can a change of taxes have a restraining influence on the rise of prices, and therefore also on the growth of income? Here, we are talking both about the profit tax (or tax on total income) and also about the tax on worker income (the total remuneration fund and personal income). The profit tax, viewed as an anti-inflationary measure, i.e., a barrier to the rise of prices, must be aimed at that portion of profit related to the raising of prices. Confiscation of that profit makes it pointless for the producer to raise prices.

Several questions arise at this point. Determination of the profit formed as a consequence of the raising of prices is difficult for the financial system (tax administration). One must have rather reliable data on the dynamic behavior of prices of the products of the particular enterprise. The enterprise itself may have such information, but it is not interested in broadcasting it. Even if statistical authorities are somehow able to arrive at price indices for the products of every enterprise, the problem arises of how the rise of prices of raw materials, supplies, and machines are to be taken into account in the rise of prices of the finished product (kolkhozes and sovkhozes, for example, have been referring to this unceasingly). Further, it is important to determine how many taxes on profit there will be: one or two. The first of which on "ordinary profit" and the second on excess profits obtained by raising prices. It seems advisable to have two taxes, since the tax on excess profits would seem to be extraordinary and in some sense temporary; it performs the specific task of holding down inflation. Even in this case it must have a particular target—in the general case, this is the difference between the volume of output in constant and current prices. But this is a very rigid approach. Since the transition to a market economy presupposes expansion of the sphere in which free prices are used, it would have to allow some rise of prices, considering it "normal." Say three percent per year. Everything beyond that would be subject to confiscation into the budget in the form of the tax on excess profits.

In this scheme for collection of an anti-inflationary tax, the main indicator would be the dynamic behavior of the volume of production in permanent prices. Developing a methodology of the appropriate index applicable to the enterprise becomes the decisive prerequisite of the tax's effectiveness. In tax collection practice, certain benefits are also possible. It is possible not to confiscate all the excess profits, but 75-90 percent; on certain goods, it is possible to allow a larger rise of prices than the standard 3 percent, and so on. Achievement of the anti-inflationary effect by collection of taxes thus presupposes simultaneous restraint on both prices and income. But one easily sees that this is a rather complicated version of economic policy. Theoretically, of course, it is sounder to hold back income: through liquidation of the budget deficit through taxation both of the total remuneration fund and also individual worker income.

We should note that taxation of personal income, if it follows the progressive principle, in and of itself possesses an anti-inflationary effect, since the growth of income under this condition will result in a rise of the average tax rate. At this point, then, it is possible to avoid introduction of specific anti-inflationary measures, and to confine oneself to devising a progressive tax scale. In the transitional period to a market economy, this is evidently an inevitable step (progressive taxation). When the market normalizes, it will be possible to make the transition to proportional taxation. The arguments against progressive taxation, including reference to the principles of the "tax revolution" in the West, cannot be

accepted at the present time, since the economic and social situation in our country is quite different from that in the advanced capitalist countries.

The tax on the total remuneration fund in the enterprise (firm) possesses, of course, an anti-inflationary impact, but, just as with taxation of profit, it is important to observe certain conditions and not to stimulate a rise of prices. There are also other methods of holding back the growth of the remuneration fund: for example, concluding collective agreements between the management and the trade union (collective of workers) at the level of the enterprise or achieving a similar accord within a branch between the association of entrepreneurs and the branch trade union. This limitation does not always assume the character of a nationwide tax in countries with a market economy. As for our country, establishment of a tax is evidently what is advisable; in the future, we can try to adopt the procedure of achieving agreement concerning the future growth of remuneration of labor between the management and the workers. The scale of the present tax could be changed in the future. It hardly makes sense to broaden the target of the tax beyond the limits of the growth of the fund for remuneration of labor.

On the whole, the conclusion can be drawn that the anti-inflationary role of taxes is relatively small even in the context of the transition to a market economy. If the rise of income breaks free of control, then the main counteracting instrument is a raising of prices. But in a simultaneous rise of prices and income it is important not to set out on the road of "superinflation," which results in a rapid drop of the purchasing power of money, and then the principal goal in the activity of all independent entities in the economy is to turn money income into goods and services. Although in this situation market equilibrium can in fact be observed, on the whole the rapid rise of prices and income and the universal conviction arrived at that purchasing power of money will drop in the future signify disintegration of a normal economy, since incentives for capital investments and indeed even for all production expenditures drop off sharply, the processes of saving money make no sense, and foreign economic relations deteriorate. A drop in the exchange rate of the national currency could be accompanied by unjustified gains for those who possess foreign currency, which results in large economic losses. Superinflation creates a situation of almost complete indeterminacy in the economy and makes the behavior of economic entities unpredictable.

If manageable inflation is to be prevented from turning into superinflation, it is desirable, in view of the problematical nature of the social situation, to come closer to a state of equilibrium in the economy even in the stage of rigid centralized planning. Then the transition to market relations, and above all to free pricing, will take place at a smaller cost.

In addition to an anti-inflationary financial policy, credit policy must also be anti-inflationary. Several methods

have been found empirically for counteracting inflation with the instruments of credit regulation. The most important of them is the level and dynamic behavior of the borrowing and lending rates of banks. In essence, the interest rate is the "price" of money when it is transferred from one owner to someone else for temporary use. The interest rate stimulates two important economic processes: the saving of money by individuals and enterprises (including long-term saving), vigorous productive use of money in order to obtain profit and also to repay the credit and pay interest to the owner of the money. The price of all securities circulating on the financial market also depends on the level of the interest rate set by the banking system. It should be borne in mind that in countries with an advanced market economy income in the form of interest from keeping money in accounts in banks and other credit institutions, income from securities, and income from capital gains are as a rule subject to tax.

How can the interest rate be used to prevent inflation? Usually by raising it, which makes money more expensive. A high rate of interest on loans reduces the demand for money, and that in turn reduces effective demand for goods. The reduced demand helps to stabilize prices and holds back their growth. Raising the interest rate strengthens incentives for saving money and thus reduces current demand both of consumers and producers. Lowering the interest rate, conversely, helps to boost demand and raise prices. Does this mean that it is sufficient to raise the interest rate, and inflation will cease or will be sharply checked? No, that is not what it means. A rise of the interest rate signifies a higher cost of the product; after all, interest on credit is actually part of production costs. Increasing costs will arouse an interest in raising prices. If a rising price trend has formed on the market as a consequence of inflation, then raising the interest rate on credit could intensify that trend. Thus, one and the same measure—raising the level of interest rates—can both intensify and also weaken inflation. The specific result depends on the state of the economy and the formed intentions and preferences (expectations) of producers and consumers. In the context of a balanced commodity market, raising the interest rate as a rule signifies reduced demand and a check on the development of production.

The size of the increase (reduction) of the interest rate also has great importance. The correlation between its change and the effect achieved is specific to each national market.

Since inflation depends on a set of factors, not only on the level of the interest rate, it can itself become a means of affecting the dynamic behavior of the interest rate. If stable growth rates of prices are observed in an economy, then money savings of all economic entities and outstanding loans will lose value. In order to safeguard their economic interests, banks are forced in setting the level of their interest rate to take into account the inflationary component (addend), i.e., there is a difference between the real rate of interest and the nominal rate. For

example, the interest rate on a loan could be 12 percent per annum, but the five-percent rise of prices must be offset, so that the real interest rate is 6.5 percent. The external differences between the nominal and real percentage rates seem quite justified, but at the same time prolonged maintenance of a high interest rate in and of itself becomes an inflationary factor and stimulates a rise of prices because its nominal value is assumed in advance.

The anti-inflationary impact of raising the interest rate seems effective, then, in the early stages of inflation, but in the double-digit range (like the interest rate itself) this effect drops off sharply. A not very welcome mutual influence occurs—the higher interest rate affects the price level, and the higher prices affect the level of the interest rate. We have in mind, of course, free pricing and determination of the interest rate under the influence of the money market. The high level and rapid growth of the interest rate are capable of substantially holding back the development of production, since a situation can come about in which it is more advantageous for the enterprise (individual) to keep money in bank accounts than to invest it in production, especially production with a low rate of profit. An example of this detachment of the credit sphere from real production is the specific situation in Vietnam, where in the 1st half of 1989 the banks refused to accept deposits in accounts, since a gap had occurred between the supply of money for savings and safekeeping and the demand for loans, which were not being taken. And holding back production can promote inflation.

Of the other methods in credit and monetary policy capable of restraining inflation, regulation of the total money supply in the economy is mentioned most frequently. In part, it is determined by interest rate policy. As an independent goal of economic policy, regulation of the money supply in the economy presupposes the functioning of a well-developed banking system, usually a two-level system. In such a system, rules are established governing relations between central banks and other banks, reserves are required, there are standard levels of liquidity, and so on. This level of reliable organization of the financial sector in fact corresponds to the general high level of development of market relations. Those prerequisites do not obtain in our country at present. In countries with a market economy, regulating the money supply has an anti-inflationary effect, although there are unceasing debates concerning its magnitude and specific methods of achieving it. In future, these measures may also be used as instruments in our own economic policy.

In the context of the transitional period to a full-fledged market, it is not possible to exclude direct action to influence distribution of credits among sectors and enterprises in order, say, to speed up production of consumer goods in order to improve commodity-money equilibrium in the economy.

In view of the problematical nature of the economic situation in the country and the unusual nature of the

processes taking place in the economy, we also should not exclude lowering taxes or interest rates as a method of restoring the economy to health and in this context as an instrument for combating inflation. The main criterion is the effect on the dynamic behavior of production and on its efficiency. If a lowering of taxes, for example, serves as a boost for a sizable increase in the volume of production, then, of course, in this case it will be justified. The total supply of commodities will grow, the offering of commodities on the market will increase, losses of revenues from the drop in tax rates may be offset by the increased volume of products subject to taxation. Precisely the same line of action should be followed with the level of interest on credit, if its preferential rate will stimulate production of the necessary goods, will raise the technical level of production, and will boost the productivity of labor.

We should emphasize the need for a multiple approach to using taxes and interest rates to regulate production and the growth of inflation, since they are directly related to the general rate of profit and distribution of profit and depreciation. A dependent relationship no doubt exists between tax rates and the interest rate, but

its quantitative characteristics still have to be discovered. The sum of tax payments and interest payments must be linked to the volume of profit and depreciation, since they represent the common source of resources for expansion of production, for improvement of its technical base, and for the social development of enterprises.

In other words, the financial and credit policy being conducted must be utterly specific and must accurately take into account the peculiar features of the economic, technical, and social situation in branches, regions, and enterprises. It can be said that counteracting inflation using the methods of financial and credit policy requires a thorough analysis of the state of the economy and a cautious approach to the use of such measures as changing the tax rates and interest rates or adoption of new taxes. One and the same measures, depending on the situation, may cause opposite results. Only one thing is beyond doubt: reducing the budget deficit is the most reliable and unconditionally effective anti-inflationary factor.

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POLICY, ORGANIZATION

RSFSR State Pension Law Published

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[Law adopted by the RSFSR Supreme Soviet, signed by B.N. Yeltsin, chairman of the RSFSR Supreme Soviet, in Moscow, RSFSR Palace of Soviets, 20 November 1990: "On State Pensions in RSFSR"]

[Text] This Law establishes the unified system of republic state pensions in RSFSR and guarantees the stability of the level of pension coverage that has been achieved and its increase as the prosperity of the workers rises. Work and the results of work are recognized as the main criterion for differentiation of the conditions and rates of pension coverage.

I. General Provisions

Article 1. RSFSR Pension Legislation

Pension relations in RSFSR are regulated by this Law. In those cases when treaties (agreements) between the USSR or RSFSR and other countries envisage different rules than those contained in the present Law, the rules envisaged by those treaties shall apply.

In accordance with this Law or separate orders of the RSFSR Supreme Soviet, the RSFSR Council of Ministers defines the procedure for exercise of the rights of individuals to pension coverage and also the conditions of pension coverage of particular categories of workers.

Relations related to pension coverage of individuals financed from the resources of autonomous republics, local soviets of people's deputies, enterprises, and organizations, including public organizations (pension supplements, and so on), are regulated by enactments issued by the respective bodies of government, enterprises, and organizations.

Article 2. Ground for Pension Coverage

The grounds for pension coverage are as follows: attainment of the respective retirement age, occurrence of disability, and for family members of a breadwinner who are non-able-bodied—his death; the basis for the pension coverage of various categories of workers is the lengthy performance of a particular occupational activity.

Article 3. Types of Pensions

This Law establishes work pensions and welfare pensions.

The following pensions are awarded on the basis of work activity and other socially useful activity counted in total pensionable service (Articles 89, 90, 91, and 92 of the Law):

- old-age pension (based on age)—Section II of the Law,
- disability pension—Section III of the Law,
- survivor's pension—Section IV of the Law,
- service pension—Section V of the Law.

Individuals who for some reason do not qualify for a pension on the basis of work or other socially useful activity are awarded a welfare pension (Section VIII of the Law). This pension may be awarded in the relevant cases in place of the work pension (at the request of the applicant).

Article 4. Pension Rights of Citizens of Other Union Republics, Foreign Nationals, and Stateless Persons

Citizens of other union republics, foreign nationals, and stateless persons residing in RSFSR are entitled to obtain a pension on the same basis as citizens of RSFSR, unless the Law or treaty provides otherwise.

Article 5. Right To Choose a Pension

Individuals who qualify simultaneously for different state pensions are awarded and paid one of them, according to their choice. An exception is made for individuals who have become disabled as a result of a war injury (Article 41): they qualify for two pensions—an old-age pension (or service pension) and disability pension.

Article 6. Application for a Pension

Individuals may apply for a pension at any time after they qualify, with no restriction as to time and independently of the nature of their occupation up to the time of application.

Article 7. Work Pension Increases Related to the Rise in the Cost of Living and Remuneration of Labor

Work pensions which have been in effect more than one calendar year are raised annually in line with the rise in the cost of living and remuneration of labor of the work force employed in the economy. The procedure and level of the increase are determined by the RSFSR Supreme Soviet.

Article 8. Funds for Payment of Pensions

The pensions awarded in accordance with this Law are paid from the RSFSR pension fund. This fund is formed from the insurance contributions of enterprises and organizations; insurance contributions of self-employed individuals, including private farmers; insurance contributions of working citizens; and appropriations from the USSR State Budget.

The insurance rate is established as follows for 1991: for enterprises and organizations—at the rate of 26 percent of the calculated remuneration of labor (public organizations of disabled persons and pensioners, their enterprises, institutions, and associations, and educational institutions are exempted from payment of insurance

contributions); for self-employed individuals—at the rate of 5 percent of their income.

Insurance contributions of working citizens are established at the level of 1 percent of wages.

Pensions envisaged by this Law for military personnel and equivalent citizens and also their families are paid from funds appropriated to the RSFSR pension fund from the USSR State Budget.

The Regulation on the RSFSR Pension Fund is enacted by the RSFSR Supreme Soviet.

Article 9. Exemption of the Pension From Taxes

A pension paid in conformity with this Law is not subject to tax.

II. Old-Age Pension

Article 10. General Pension Qualifying Conditions

A pension is awarded on general grounds as follows:

- to men—on reaching age 60 and with total pensionable service of at least 25 years;
- to women—on reaching age 55 and with total pensionable service of at least 20 years.

Article 11. Preferential Pension Qualifying Conditions

A pension is awarded to the following categories of individuals on preferential grounds:

a) to women who have given birth to five or more children and have raised them to age eight and also to mothers of persons disabled from childhood when they have raised them to that age—on reaching age 50 and with total pensionable service of at least 15 years;

b) to disabled veterans of the Patriotic War and other disabled persons equivalent to them with respect to pension coverage (Article 41 of the Law); to men—on reaching age 55 and to women—on reaching age 50 and with the total pensionable service indicated in Article 10 of the Law;

c) to visually impaired individuals in Disability Group I: to men—on reaching age 50 and with total pensionable service of at least 15 years, and to women—on reaching age 40 and with total pensionable service of at least 10 years;

d) to persons suffering from pituitary nanism (lilliputians) and to disproportional dwarfs: to men—on reaching age 45 and with total pensionable service of at least 20 years, and to women—on reaching age 40 and with total service of at least 15 years.

Article 12. Pensions Related to Particular Working Conditions

A pension related to particular working conditions is awarded as follows:

- a) to men—on reaching age 50 and to women—on reaching age 45, if they have worked at least 10 years and seven years six months, respectively, at jobs underground, in jobs with harmful working conditions, and in hotshops, if their total pensionable service is at least 20 and 15 years, respectively.

To individuals who have worked at least half of their work service at jobs underground, at jobs with harmful working conditions, and in hotshops, a pension is awarded at an age one year less than the age envisaged by Article 10 of the Law for every full year of such work to men and women;

- b) to men—on reaching age 55 and to women—on reaching age 50, if they have worked at jobs with laborious working conditions at least 12 years six months and 10 years, respectively, and have the total pensionable service indicated in Article 10 of the Law.

Individuals who have worked at least half of their pensionable service in jobs with laborious working conditions are awarded a pension at an age one year earlier than that envisaged by Article 10 of the Law for every two years six months of such work for men and for every two years of such work in the case of women;

- c) to women on reaching age 50 if they have worked as tractor drivers and machine operators in agriculture or other sectors of the economy and also as operators of construction, road, and materials-handling machines at least 15 years and have total pensionable service as indicated in Article 10 of the Law;

- d) to women on reaching age 50 if they have worked at least 20 years in the textile industry at jobs of high intensiveness and laboriousness.

Lists of the respective jobs whose performance is the basis for awarding a pension at an earlier pensionable age are approved by the RSFSR Council of Ministers.

Article 13. Adding Together Jobs With Differing Special Working Conditions

Work activity with special working conditions is added up as follows: work underground, work under harmful working conditions, and work in hotshops (Article 12, Subparagraph a, of the Law) is added to work under harmful working conditions (Article 12, Subparagraph b, of the Law); work underground, work under harmful working conditions and in hotshops (Article 12, Subparagraph a, of the Law), and also work with laborious working conditions (Article 12, Subparagraph b, of the Law) is added to work as tractor drivers and machine operators in agriculture and other sectors of the economy and also operators of construction, road, and materials-handling machines (Article 12, Subparagraph c, of the Law); and all other jobs enumerated above are added to work in the textile industry at jobs with high intensiveness and laboriousness (Article 12, Subparagraph d, of the Law).

Article 14. Pension Based on Work in the Far North

A pension based on work in the Far North is awarded as follows: to men—on reaching age 55 and to women—on reaching age 50, if they have worked at least 15 calendar years in the regions of the Far North or at least 20 calendar years in localities equivalent to the regions of the Far North, and have total pensionable service of at least 25 and 20 years, respectively.

A pension is awarded to individuals who have worked both in regions of the Far North and also in localities equivalent to the regions of the Far North with 15 calendar years of work in the Far North. Every calendar year of work in localities equivalent to the regions of the Far North is counted as nine months of work in the regions of the Far North.

A pension is awarded to individuals who have worked in regions of the Far North at least seven years six months at an age four months earlier than the age envisaged by Article 10 of the Law for every full calendar year of work in those regions. The rule established in Paragraph 2 of this article is applied when work has been done in localities equivalent to regions of the Far North and also in those localities and in regions of the Far North.

Work activity indicated in Article 12 of the Law is equivalent to work in the Far North.

The list of regions of the Far North and of localities equivalent to regions of the Far North is approved by the RSFSR Council of Ministers.

Article 15. Pension Based on Incomplete Pensionable Service

Individuals who have reached the pensionable age indicated in Article 10 of the Law and do not have complete pensionable service envisaged by that article are awarded a pension for incomplete pensionable service if its length is at least five years.

Article 16. Amount of the Pension

The pension is awarded in the proportion of 55 percent of wages (Section VI of the Law) and, over and above that, 1 percent of wages for every full year of total pensionable service exceeding the service required for awarding the pension (Articles 10, 11, and 12 of the Law).

When a pension is awarded under Articles 12 and 14 of the Law, its amount is also increased by 1 percent of wages for every full year of special pensionable service over and above that required for awarding the pension.

The amount of the pension computed according to the procedure indicated above may not exceed 75 percent of the wage.

Article 17. Minimum Amount of the Pension

The minimum amount of the pension when total pensionable service is equal to that required for awarding

the full pension is established at the level of the subsistence minimum, which is determined annually by the RSFSR Supreme Soviet. It is set at 100 rubles [R] per month for 1991.

The amount of the pension (Paragraph 1 of this article) is increased by 1 percent for every full year of total pensionable service over and above that required for awarding the pension, but not by more than 20 percent.

Article 18. Maximum Amount of the Pension

The maximum amount of the pension when total pensionable service is equal to that required for awarding a full pension is established at the level of three times the size of the minimum pension (Article 17, Paragraph 1, of the Law) and that of a pension awarded in connection with work underground, work under harmful working conditions, and work in hotshops (Article 12, Subparagraph a, of the Law) would be three and a half times that amount.

The amount of the pension (Paragraph 1 of this article) is increased by 1 percent for each full year of total pensionable service over and above that required for awarding a pension, but not by more than 20 percent.

Article 19. Amount of the Pension Awarded When Total Pensionable Service Is Incomplete

The amount of the pension when total pensionable service is incomplete is determined in proportion to the length of service on the basis of the full pension established at 25 years for men and 20 years for women (Article 10 of the Law).

The pension is computed in proportion to the length of service as follows: the corresponding full pension is determined; that pension is divided by the number of months of service required; the amount obtained is multiplied by the number of months of actual service (in computing that service, a period greater than 15 days is rounded off to a full month, and a period of 15 days or less is not counted).

The amount of the pension when pensionable work service is incomplete may not be less than the welfare pension (Article 114, Subparagraph b, of the Law).

Article 20. Period of Time for Which the Pension Is Awarded

The pension is awarded for life.

Article 21. Pension Supplements

The following pension supplements are established: the supplement to care for a pensioner if he is disabled in Group I or a medical institution has concluded that he needs the care of someone else; the supplement for dependents unable to work (Articles 50-53 of the Law), unless they themselves are receiving some pension.

The supplement for dependents unable to work is paid to nonworking pensioners.

The amount of the supplement to care for a pensioner and the supplement for every dependent of a pensioner unable to work corresponds to the welfare pension referred to in Article 114, Subparagraph b, of the Law, and the supplement for the dependent unable to work—disabled person in Group III—corresponds to the pension indicated in Subparagraph c of that article.

Article 22. Payment of a Pension to Working Pensioners

A pension is paid to working pensioners in the full amount (not including the supplement for dependents).

A supplement in the amount of 10 percent of the pension for each year worked (12 full months of work) is awarded for work after a pension is awarded, but not for more than three years of work. This supplement is established for work after the Law takes effect in the case of those individuals who while continuing to work have qualified for a pension, but have not received it. This supplement is not taken into account concerning the limit on the total amount of the pension.

III. Disability Pension

Article 23. Disability and Disability Groups

Disability is considered to be disruption of a person's health with permanent disorder of the organism's functions resulting in complete or substantial loss of occupational work ability or essential impairment in life. Three disability groups are distinguished as a function of the degree of impairment.

Individuals who have completely lost the ability to do regular occupational work under ordinary conditions are assigned to Disability Group I if they need constant care of someone else (assistance, monitoring), and Group II if they do not need that care.

Individuals who have partially lost the ability to do regular occupational work are assigned to Disability Group III.

Article 24. Determination of Disability and the Disability Group, Causes and Time of Occurrence

Disability, the disability group, the cause, and, if necessary, the time of occurrence are determined by medical-labor expert commissions (VTEK), which operates on the basis of a regulation enacted in accordance with the procedure defined by the RSFSR Council of Ministers.

Article 25. The Period for Which Disability Is Established

Group I disability is established for two years, and Groups II and III for one year.

No recertification period is established for men over age 60 and women over age 55, disabled persons with irreversible anatomical defects, and other disabled persons according to the list of illnesses approved in accordance with the procedure defined by the RSFSR Council of Ministers.

Article 26. Pension on General Grounds

A pension is awarded on general grounds when disability occurs as a consequence of the causes indicated in Articles 39, 40, and 43 of the Law.

Article 27. Pension on Grounds Envisaged for Military Personnel

The pension on grounds envisaged for military personnel (including Partisans in the Great Patriotic War and Civil War) is awarded when disability occurs as a consequence of a war injury (Article 41 of the Law) or illness contracted during a period of military service (Article 42 of the Law).

A pension is awarded on the same grounds as for military personnel to persons in the officer corps and rank and file of agencies for internal affairs. Disability occurring as a consequence of a wound, contusion, or mutilation obtained in performance of official duties in agencies for internal affairs is treated the same as disability resulting from a war injury, and disability occurring as a consequence of other causes that occur in a period of serving in those agencies is treated the same as disability resulting from an illness contracted during a period of military service.

Article 28. Time of Occurrence of Disability

A pension is awarded on the grounds indicated in Article 26 of the Law regardless of when disability occurred (before commencement of work activity (study), during the period of work (study), or after its termination, etc.), on the grounds indicated in Article 27 of the Law if disability occurred during the period of military service, or no later than three months following discharge from military service, or later than that date, but as a consequence of a war injury or illness received during a period of military service.

Article 29. Conditions Determining the Right to a Pension on General Grounds (Article 26 of the Law)

A pension for disability resulting from a mutilation in the workplace or occupational illness (Articles 39 and 40 of the Law) is awarded regardless of the length of total pensionable service.

A pension for disability resulting from a general illness (Article 43 of the Law) is awarded to individuals who became disabled when they were under 20 years of age regardless of the length of total work service. In other cases, the awarding of a disability pension resulting from a general disease requires work service of the following lengths before the date when disability occurred: at least one year for individuals under age 23, and for individuals age 23 or older one year plus four months for every full year of age beginning at age 23, but not more than 15 years.

When a transfer is being made from a disability pension resulting from mutilation in the workplace, occupational disease, war injury, or illness contracted during a period

of military service to a pension for disability resulting from a general disease, the required work service is determined according to the age before the original determination of disability was made. This rule is applied if the interruption in disability does not exceed five years.

Article 30. Pension Awarded When Total Pensionable Service Is Incomplete

Individuals who are in Disability Groups I and II as a consequence of a general disease and who do not have full pensionable service for the awarding of a pension (Article 29 of the Law) are awarded a pension for incomplete length of work service.

Article 31. Amount of the Pension (Except the Pension for Disability Resulting From a War Injury)

A pension (except the pension for disability resulting from a war injury) is established in the following amounts: 75 percent of the wage for disabled persons in Groups I and II and 30 percent of the wage for those in Group III.

In those cases when the pension cannot be calculated from the wage, it is established in a fixed amount equal to the minimum amount of the pension (Article 32 of the Law).

Article 32. Minimum Amount of the Pension

The pension is established for Disability Group I and II at the level of the minimum amount of the old-age pension (Article 17, Paragraph 1, of the Law), and the pension for Group III disability is established at the level of two-thirds the minimum amount of that pension.

Article 33. Maximum Amount of the Pension

The maximum amount of the disability pension for Groups I and II is established at the level of the maximum amount of the old-age pension (Article 18, Paragraph 1, of the Law), and disability pensions for Group III at the level of the minimum amount of that pension (Article 17, Paragraph 1, of the Law).

Article 34. The Amount of the Pension When Total Pensionable Service Is Incomplete

The disability pension for Groups I and II when the amount of work service is incomplete is determined on the basis of the full disability pension according to the procedure set forth in Article 19 of the Law. Its amount may not be less than the welfare pension (Article 114, Subparagraph b, of the Law).

Article 35. Conditions Determining the Right to a Pension on the Grounds Envisaged for Military Personnel (Article 27 of the Law)

The pension for disability resulting from a war injury (Article 41 of the Law) or illness contracted during a period of military service (Article 42 of the Law) is

awarded independently of the length of total work service, including military service.

A pension is awarded to the following on the same grounds as military personnel who became disabled as a result of a war injury:

- individuals who are among workers and employees of the relevant categories whose disability occurred in connection with a wound, contusion, mutilation, or disease contracted in an area of military actions, in railroad sections near the front, in construction of border defenses, naval bases, and air force bases, and persons equivalent to military personnel with respect to pension coverage in accordance with special decisions of the USSR Government;
- individuals who became disabled because of a wound, contusion, mutilation, or injury while serving in pursuit battalions, platoons, and squads for protection of the people;
- individuals called up for training or testing musters and who became disabled as a consequence of a wound, contusion, or mutilation received during performance of official duties during the time those musters were held.

Article 36. Amount of the Pension for Disability Resulting From a War Injury

A pension for Group I and Group II disability resulting from a war injury (Article 41 of the Law) is awarded in the maximum amount established in Article 18, Paragraph 1, of the Law, and the pension for Group III disability resulting from the same cause in the proportion of half that amount.

Article 37. Pension for Immigrants From Other Countries

Soviet citizens who have immigrated from other countries and have not worked in RSFSR or the USSR are awarded pensions as follows:

- a) for disability resulting from a workplace mutilation, occupational illness, or war injury received during the period of the Great Patriotic War fighting the armies of state in a state of war with the USSR—individually of the length of total work service;
- b) for disability as a result of a general disease—if the total work service is the amount required relative to age at the when work ceased (Article 29 of the Law).

Article 38. Supplements to the Pension

Supplements envisaged by Article 21 of the Law are established to the Groups I and II disability pension.

Article 39. Disability Resulting From Mutilation in the Workplace

The disability of a worker performing a job indicated in Article 89, Paragraph 1, of the Law is considered to have resulted from mutilation in the workplace if the accident causing the impairment to health occurred as follows:

- a) in performance of work duties (including official travel), and also while performing actions in the interests of the enterprise (organization) although without order from the management (board of the kolkhoz, etc.);
- b) en route to and from work;
- c) on the grounds of the enterprise (organization) or other place of work during working hours (including established breaks) during the time necessary to arrange production tools, clothing, and so on, before work begins or after work has ended;
- d) close to the enterprise (organization) or other place of work during working hours, including established breaks, if being there is not against the house rules.

In addition, an individual's disability is considered to have occurred as a consequence of a workplace mutilation if the accident resulting in the injury to health also occurred as follows:

- e) during production training (practice) or while conducting training tests (experiments) during training;
- f) during performance of state duties and also assignments of Soviet or public organizations, whose activity is not contrary to the RSFSR Constitution;
- g) during performance of civic duty to save a human life, protect property, or preserve law and order.

Article 40. Disability Resulting From an Occupational Disease

Disability is considered to have occurred as the consequence of an occupational disease if the disease causing it is recognized as an occupational disease.

The list of occupational diseases is approved in accordance with the procedure defined by the RSFSR Council of Ministers.

Article 41. Disability Resulting From a War Injury

The disability of individuals who have done military service is considered to have occurred as a consequence of a war injury if it is the consequence of a wound, contusion, or mutilation received in protecting the USSR or RSFSR or in performance of other duties of a military service (official duties) or a disease related to time spent at the front.

Article 42. Disability Resulting From an Illness Contracted During the Period of Military Service

The disability of individuals who have done military service is considered to have occurred as a consequence of an illness contracted during the period of military service if it was a consequence of a mutilation resulting from an accident not related to performance of duties of military service (official duties) or an illness not related to time spent at the front.

Article 43. Disability Resulting From a General Illness

Disability is considered to have occurred as a consequence of a general illness if it is not a consequence of the causes set forth in Articles 39, 40, 41, and 42 of the Law.

Article 44. Determination of the Causes of Disability When It Has Been Aggravated

When disability has been aggravated by some other cause, the cause of disability is determined by request of the disabled person.

Article 45. Period for Which a Pension Is Awarded

The pension is awarded for the period of time for which disability is determined (Article 25 of the Law).

Article 46. Changing the Amount of the Pension in Connection with Revision of the Disability Group

When the disability group is revised, the pension is paid in the new amount as of the date when the disability group changed. If disability has not been established, then the pension is paid to the end of the month in which the recertification was done, but no later than the date on which disability expires.

Article 47. Suspension and Resumption of Payment of a Pension When the Recertification Date Passes

If an individual has not reported at the appointed time for recertification by the VTEK, then payment of the pension is suspended. It is resumed on the day when the individual is again found to be disabled. If the recertification date has been missed for good cause and the VTEK has established disability for the time that has passed, the pension is paid as of the date when the individual was found to be disabled. If in recertification Disability Group II is established (and it is higher or lower), the pension is paid for that time in the previous group.

Article 48. Reinstate of a Pension Awarded Previously and the Awarding of a New Pension

A previously awarded disability pension resulting from a general disease is reinstated if no more than five years have passed from the date of termination of its payment because the period for which disability was established had expired. Reinstate of a pension previously awarded for disability as a consequence of other causes is not subject to any time limitation.

If disability has recurred after an interruption, a disability pension may be awarded (at the disabled person's request) on general grounds.

Article 49. Payment of a Pension to Working Pensioners

The pension is paid to working pensioners in the full amount (not including the supplement for dependents).

IV. Survivor's Pension

Article 50. Family Members Entitled to a Pension

Members of the family of the deceased who were his dependents (Article 53 of the Law) are entitled to a pension if they are unable to work. Parents and widows (widowers) of individuals who died as a consequence of a war injury and also one of the parents or spouse or other family member as indicated in Subparagraph c of this article are awarded a pension regardless of whether they were dependents of the deceased.

The following are considered non-able-bodied family members:

- a) children, brothers, sisters, and grandchildren under age 18 or older than that age if they have become disabled before reaching age 18, and in the case of brothers, sisters, and grandchildren, provided they do not have able-bodied parents;
- b) father, mother, spouse (wife, husband) if they have reached age 60 or 55 (men and women, respectively) or are disabled;
- c) one of the parents or the spouse or grandfather, grandmother, brother, or sister, regardless of age and ability to work, if he (she) has taken over care of the children, brothers, sisters, or grandchildren of the deceased breadwinner who have not reached age 14, and he or she does not work;
- d) grandfather and grandmother—in the absence of persons required by law to support them.

The parents and spouse of the deceased who were not his dependents are entitled to a pension if as a consequence they have lost a source of means of existence.

Article 51. Pension Rights of Students Age 18 and Older

Students age 18 and older are entitled to a pension if because of loss of the breadwinner until they complete training for an occupation in full-time educational institutions, but not beyond age 23.

Article 52. Pension Rights of Stepfathers, Stepmothers, Stepson, and Stepdaughter

The stepfather and stepmother are entitled to a pension on a par with the father and mother provided they have brought up or supported the deceased stepson or stepdaughter at least five years.

The stepson and stepdaughter are entitled to a pension on the same grounds as sons and daughters.

Article 53. Dependency

Family members of the deceased are considered to have been his dependents if he supported them entirely or they received help from him which was for them a permanent and principal source of the means of existence.

Family members of the deceased for whom his assistance was a permanent and principal source of means of existence, but who themselves were receiving some pension, have the right to transfer to the survivor's pension.

The dependency of children of deceased parents is taken for granted and need not be proven.

Article 54. Families of Individuals Whose Whereabouts Are Unknown

The families of individuals whose whereabouts are unknown are treated the same as the families of those who have died if the absence of the breadwinner without a trace has been duly certified. The families of military personnel missing in action are treated the same as families of those who died as a consequence of a war injury (Article 66 of the Law).

Article 55. Retention of Pension Rights in Connection With Adoption

Minors who are entitled to a pension (Article 50 of the Law) retain that right when they are adopted.

Article 56. Retention of the Pension Upon Remarriage

The survivor's pension of a spouse is retained if she remarries.

Article 57. General Grounds for Pension Coverage

A pension is awarded on general grounds if the death of the breadwinner occurred as a consequence of a workplace mutilation, occupational disease, or general disease.

Article 58. Pension on Grounds Established for the Families of Military Personnel

A pension on grounds established for the families of military personnel (including families of Partisans of the Great Patriotic War and Civil War) is awarded if the death of the breadwinner occurred as a consequence of a war injury or illness contracted during the period of military service.

A pension is awarded to families of persons in the officer corps and rank and file of agencies for internal affairs on the same grounds as families of military personnel. The death of the breadwinner occurring as a consequence of a wound, contusion, or mutilation occurring in performance of official duties in agencies for internal affairs is treated the same as the death of a breadwinner as a consequence of a war injury, and the death of a breadwinner occurring as a consequence of other causes occurring during a period of service in those agencies is treated the same as the death of a breadwinner resulting from a disease contracted during a period of military service.

Article 59. Time of Occurrence of the Breadwinner's Death

The pension on grounds indicated in Article 57 of the Law is awarded independently of when the breadwinner's death occurred, and on the grounds indicated in Article 58 of the Law if the breadwinner's death occurred

during the period of military service, or no later than three months after discharge from military service, or later than date, but as a consequence of a war injury or illness contracted during the period of military service.

Article 60. Conditions Determining the Right to a Pension on General Grounds (Article 57 of the Law)

The pension covering the case of loss of the breadwinner because of a workplace mutilation or occupational disease is awarded independently of the breadwinner's length of service.

The pension covering the case of loss of the breadwinner because of a general disease is awarded if as of the date of death the breadwinner had the total work service he would have had to have to qualify for a disability pension (Article 29 of the Law).

Article 61. Pension When the Breadwinner's Total Work Service Is Incomplete

The pension for incomplete total work service of the breadwinner is awarded to the families of individuals who have died as a result of a general disease and who did not have complete work service sufficient for awarding a pension (Article 29 of the Law).

Article 62. Amount of the Pension (Except the Survivor's Pension Resulting From a War Injury)

The pension (except the survivor's pension when the breadwinner was lost because of a war injury) is fixed in the amount of 30 percent of the breadwinner's wage for each member of the family unable to work and for each child who has lost both parents or whose single mother has died—in the amount of one-and-a-half-fold the minimum old-age pension (Article 17, Paragraph 1, of the Law).

Article 63. Minimum Amount of the Pension

The pension, including the pension for incomplete total work service of the breadwinner, may not be less than the welfare pension referred to in Article 114, Subparagraph b, of the Law, for each family member unable to work.

Article 64. Maximum Amount of the Pension

The maximum amount of the pension is fixed at the level of the minimum level of the old-age pension (Article 17, Paragraph 1, of the Law) for each non-able-bodied family member, except for the pension of children who have lost both parents or children of a deceased single mother (Article 62 of the Law).

Article 65. Amount of the Pension for Incomplete Total Work Service

The amount of the pension for incomplete total work service of the breadwinner is determined (with reference to the full pension) according to the procedure set forth in Article 19 of the Law.

Article 66. Breadwinner's Cause of Death

The death of the breadwinner is considered to have resulted from a workplace mutilation, occupational disease, war injury, illness contracted during military service, or general disease if it was a consequence of the causes indicated in Articles 39, 40, 41, 42, and 43, respectively, of the Law.

Article 67. The Conditions Determining the Right to a Pension on Grounds Envisaged for Families of Military Personnel (Article 58 of the Law)

The pension for the case of loss of the breadwinner resulting from a war injury or illness contracted during a period of military service is awarded independently of the length of the breadwinner's total work service, including military service.

The pension is awarded to families of individuals enumerated in Article 35 of the Law and who died as a consequence of that injury on equal grounds with the families of military personnel who have died as a consequence of a war injury.

Article 68. Amount of the Pension When the Death of the Breadwinner Resulted From a War Injury

The pension in the case when the breadwinner has died because of a war injury is awarded in the maximum amount as set forth in Article 64 of the Law.

Article 69. Pension for Families of Deceased Pensioners

A pension is awarded on general grounds to the families of deceased pensioners independently of the length of the breadwinner's total work service.

A pension is awarded to the families of deceased pensioners disabled as a consequence of a war injury according to the rules set forth in Articles 67 and 68 of the Law, regardless of the pensioner's cause of death.

Families whose breadwinner died while receiving a pension or no later than five years after payment of the pension ceased are considered to be the families of deceased pensioners.

Article 70. Pension Supplement

A supplement is attached to the pension to care for a pensioner as envisaged in Article 21 of the Law.

Article 71. Period for Which the Pension Is Awarded

The pension is awarded for the entire period during which the survivor is considered non-able-bodied (Article 50 of the Law).

Article 72. The Date on Which the Amount of the Pension Changes and Its Payment Is Terminated

When there is a change in the number of family members guaranteed a pension, the pension is revised according to the number of family members entitled to receive it.

The pension is paid in the new amount as of the first day of the month following the month in which the circumstances resulting in change of the amount of the pension occurred. When circumstances occur that result in termination of the pension's payment, payment of the pension is terminated as of that same date.

Article 73. Procedure for Payment of a Pension While Children Are on Full State Support

Children who have lost both parents or children of a deceased single mother are paid 50 percent of the pension while they are on full state support, and other children are paid 25 percent.

Article 74. Separation of a Portion of the Pension

At the request of any family member, his share of the pension is separated and paid separately. Here, the share of the pension for children who have lost both parents and children of a deceased single mother is fixed in the amount established by Article 62 of the Law.

The share of the pension is separated as of the first of the month following the month in which the application was filed for division of the pension.

Article 75. Application of Certain Rules in Section III of the Law

The rules envisaged by Articles 23-25, 47, and 48 of the Law extend to family members awarded a survivor's pension because of disability.

Article 76. Payment of Pension to Working Pensioners

The pension is paid to working pensioners in the full amount.

V. Service Pension

Article 77. Activity Taken Into Account in Awarding a Service Pension Under the Present Law

The pension is awarded in connection with lengthy work underground and certain other work in which the working conditions are particularly harmful and laborious, work in Civil Aviation and test flight crews, teaching in schools and other children's institutions, therapeutic and other work to protect the health of the population, creative activity in theaters and other theater-entertainment enterprises and collectives.

Article 78. Conditions Determining the Right to a Pension of Individuals Employed in Underground and Open-Pit Mining Operations

Individuals directly employed the entire workday in underground and open-pit mining operations (including the personnel of mine rescue units) in the mining of coal, shale, ore, and other minerals and in construction of shafts and mines (on the list of jobs and occupations approved by the RSFSR Council of Ministers) are entitled to a pension regardless of age if they have worked at those jobs at least 25 years, and workers in the leading

occupations in those operations—stope miners, tunnelers, face workers using jack hammers, operators of mine excavators, if they have worked in those jobs at least 20 years.

Article 79. Conditions Determining the Right to a Pension Related to Work in Civil Aviation

A pension related to work in a flight crew or test flight crew is established as follows: for men who have served at least 25 years, for women who have served at least 20 years; on retirement from flight work for reasons of health—men who have served at least 20 years and women who have served at least 15 years.

A pension related to work in air traffic control is established as follows: for men—on reaching age 55 and with total work service of at least 25 years, of which at least 12 years six months have been spent in actual aircraft flight control; for women—on reaching age 50 and with total work service of at least 20 years, of which at least 10 years have been spent in actual aircraft flight control.

The pension related to work in engineering and technical crews servicing aircraft is established as follows: for men—on reaching age 55 and with total work service in Civil Aviation of at least 25 years, at least 20 years of which have been in actual servicing of aircraft; for women—on reaching age 50 and with total work service in Civil Aviation of at least 20 years, at least 15 years of which have been in actual servicing of aircraft.

The pension related to work as flight steward of aircraft is established as follows: for men—on reaching age 55 with total work service of at least 25 years, at least 15 years of which have been as flight steward; for women—on reaching age 45 with total work service of at least 20 years, at least 10 years of which have been as flight stewardess.

Article 80. Conditions Determining the Right to a Pension Related to Teaching in Schools and Other Children's Institutions

The pension related to teaching in schools and other children's institutions is established for service of at least 25 years.

Article 81. Conditions Determining the Right to a Pension Related to Therapeutic and Other Work To Protect the Health of the Population

The pension related to therapeutic and other work in protecting the health of the population is established for service of at least 25 years in rural localities and urban-type settlements and at least 30 years in cities.

Article 82. Conditions Determining the Right to a Pension Related to Creative Work on the Stage in Theaters and Other Theater-Entertainment Enterprises and Collectives

The pension related to creative work on the stage in theaters and other theater-entertainment enterprises and

collectives is established for service of 15, 20, 25, and 30 years, depending on its nature.

Article 83. Lists of Work Taken Into Account in Awarding the Pension and Rules for Computing Length of Service

Lists of the relevant work (occupations and positions) taken into account in awarding the service pension, and in the necessary cases the rules for computation of length of service and awarding pensions are adopted by the RSFSR Council of Ministers.

Article 84. Amount of the Pension

The pension (except the pension for personnel employed in underground and open-pit mining operations) is established in the range between 55 and 75 percent of the wage. If service is equal to that required, the amount of the pension is 55 percent of the wage; for every full year of service over and above that which is required, it is increased by 1 percent of the wage. When length of service in flight and test flight crews is between 20 and 25 years (Article 79, Subparagraph a, of the Law), the pension is reduced by 2 percent of the wage for each year (including part of a year) lacking to full length of service.

Pensions are awarded to workers employed in underground and open-pit mining operations (Article 78 of the Law) in the amount of 75 percent of the wage.

Article 85. Minimum Amount of the Pension

The minimum amount of the pension is set at the level of the minimum amount of the old-age pension (Article 17, Paragraph 1, of the Law).

The amount of the pension (Paragraph 1 of this article) is increased by 1 percent for each full year of the specific work (service) over and above that required for awarding the pension, but not by more than 20 percent.

Article 86. Maximum Amount of the Pension

The maximum amount of the pension is set at the level of the total maximum amount of the old-age pension (Article 18, Paragraph 1, of the Law) and for first-class test pilots—10 percent more.

The amount of the pension (Paragraph 1 of this article) is increased by 1 percent for each full year of the specific work (service) over and above that required for awarding a pension, but not by more than 20 percent.

Article 87. Payment of the Pension to Working Pensioners

The pension (except the pension to workers employed in underground and open-pit mining operations) is paid on condition of retirement from the work (service) taken into account in awarding it. If other work is done, the pension is paid according to the procedure envisaged by Article 22, Paragraph 1, of the Law.

A pension awarded to workers employed in underground operations and open-pit mining operations (Article 78 of the Law) is paid according to the procedure envisaged by Article 22, Paragraph 1, of the Law, regardless of the nature of the work.

VI. Longevity and Its Computation

Article 88. Types of Service Taken Into Account With Respect to Pension Coverage

Total work service, that is, the total length of work activity and other socially useful activity, indicated in this section of the Law is taken into account in establishing the old-age pension and in the relevant cases the disability pension and survivor's pension.

The old-age pension related to particular working conditions (Article 12 of the Law), to work in the Far North (Article 14 of the Law), and also the service pension (Section V of the Law) are awarded so as to take into account specific work service, that is, total length of a particular work activity (service).

Article 89. Work Included in Total Longevity

Total longevity includes any work as a worker, employee (including hired work before establishment of Soviet power and also abroad), member of a kolkhoz, or other cooperative enterprise (organization); other work in which a worker who is not a worker or employee is covered by state social insurance; work (service) in militarized security, in special communications agencies, or the mining rescue unit, regardless of its nature; and self-employment, including self-employment in agriculture.

The period of creative activity of members of creative unions of the USSR and the union republics—writers, artists, composers, cinematographers, theater figures, and others, and also writers and artists who are not members of the respective creative unions, is equivalent to the work indicated above. The length of creative activity is computed according to the procedure defined by the RSFSR Council of Ministers.

Article 90. Military Service and Other Equivalent Service Included in Total Longevity

Service in the USSR Armed Forces, time spent in Partisan units during the Civil War and Great Patriotic War, and service in agencies of state security and internal affairs (including the period when these agencies had other names) is included in total longevity on a par with the work referred to in Article 89 of the Law.

Article 91. Study Included in Total Longevity

Training for an occupation or profession—training in schools and courses for training of personnel, improvement of qualifications and retraining, secondary specialized and higher educational institutions, time spent as a graduate student, during doctoral study, and as a clinical

resident is included in total longevity on a par with the work referred to in Article 89 of the Law.

Article 92. Other Periods Included in Total Longevity

The following periods are included in total longevity on a par with the work referred to in Article 89 of the Law:

- a) sick leave beginning in the period of work and disability in Groups I and II as a consequence of a job-related injury or occupational disease;
- b) care for a disabled person in Group I, a disabled child under age 16, or an elderly person if a medical institution has concluded that someone else's care is required;
- c) care of a nonworking mother for each child under age three years 70 days, but not more than a total of nine years;
- d) time which the wives of commissioned officers, warrant officers, ensigns, and reenlisted military personnel with their husbands in localities where they were unable to work in their specialties because the opportunity did not exist for their job placement, but not more than 10 years in toto;
- e) residence abroad of wives (husbands) of personnel of Soviet institutions and international organizations, but not more than 10 years in toto;
- f) residence in places of confinement beyond the period indicated in connection with review of a case.

Article 93. Computation of Periods Counted in Longevity

Periods counted in longevity are counted at their actual length with the exception of the cases enumerated in Article 94 of the Law and with the exception of the special rules for computation of longevity for service pensions (Article 83 of the Law).

Article 94. Preferential Computation of Periods Included in Longevity

When longevity referred to in Articles 10, 11, 12, and 29 of the Law is being counted, the following periods of work (service) are included on a preferential basis:

- the entire navigation season in water transportation, the entire season in enterprises and organizations in seasonal branches of industry—as a year of work. The list of the respective seasonal operations is approved according to the procedure defined by the RSFSR Council of Ministers;
- in leprosoriums and antiplague institutions—multiplied by a factor of 2;
- in military chasti, staffs, and institutions which are part of the regular Army, in Partizan detachments and soyedineniye during the period of hostilities, and also time spent during treatment in medical institutions as a consequence of a war injury (Article 41 of the Law)—multiplied by a factor of 3;

- in Leningrad during the blockade (from 8 September 1941 to 27 January 1944)—multiplied by a factor of 3;
- during the Great Patriotic War (from 22 June 1941 to 9 May 1945) with the exception of time spent in areas temporarily occupied by the enemy—multiplied by a factor of 2;
- in regions of the Far North and localities equivalent to the regions of the Far North—multiplied by a factor of 1.5.

In the case of individuals unjustifiably convicted of criminal activity, unjustifiably repressed and later rehabilitated, the time spent under guard, time spent in places of confinement and exile is included in total longevity after multiplication by a factor of 3.

Article 95. Inclusion in Total Longevity of Time Spent on Occupied Territory and in the City of Leningrad During the Blockade

In the case of individuals who resided in areas temporarily occupied by the enemy during the period of the Great Patriotic War and who by the date of occupation or during it reached age 16, the entire time of their residence at the age of 16 or older on occupied territory of the USSR or other states and also on the territory of states at war with the USSR is counted in total longevity, except in cases when they committed a crime during that period.

In the case of individuals living in the city of Leningrad during its blockade (from 8 September 1941 to 27 January 1944) and also individuals imprisoned in fascist concentration camps, the time of such residence in blockaded Leningrad and in concentration camps during the period of the Great Patriotic War is included in total longevity multiplied by a factor of 2, except in cases when they committed a crime during that period.

Article 96. Documentary Evidence of Longevity

Longevity is established on the basis of documents duly issued by enterprises, institutions, and organizations.

Work for a private individual in a service capacity (as domestic workers, nursemaids, etc.) is confirmed by a certificate of an organization involved in conclusion of the employment contract between the employer and the worker.

Article 97. Testimonial Evidence of Longevity

Work service (except work for private individuals), as referred to in Article 89, Paragraph 1, of the Law, may be established on the basis of testimony of two or more witnesses if documents on work activity were lost because of a natural disaster (earthquake, flood, hurricane, fire, etc.) and it is impossible to reconstitute them. In certain cases, longevity may be established from eyewitness testimony when documents are lost for other reasons (for example, because they were kept carelessly, deliberately destroyed, etc.).

Article 98. Conditions for Including Work Abroad in the Longevity of Foreign Nationals

In a case when foreign nationals or stateless persons and their families need a certain total longevity to qualify for a pension, work abroad is included in that longevity if at least two-thirds of it consists of work in the USSR, unless treaty provides otherwise.

VII. Computation of the Pension From the Wage**Article 99. Computation of the Pension From the Wage and Its Establishment in Fixed Amounts**

A pension related to work and other socially useful activity (Article 3 of the Law) is computed at the established rates from the average monthly wage, except in cases when it is awarded in the respective maximum amount to individuals who have become disabled in connection with a war injury, to families of individuals who died as a consequence of such injury (Articles 36 and 68 of the Law), and also to children who have lost both parents and children of a deceased single mother (Article 62 of the Law).

In the case of individuals whose pension cannot be computed from the wage, it is established in fixed amounts equal to the minimum amount of the respective pension.

Article 100. Composition of the Wage From Which the Pension Is Computed

The wage from which the pension is computed includes all types of remuneration for work (service), including payment for overtime, for work on holidays, and for mastering a second job, except any sort of lump-sum payment (compensation for unused vacation time, severance pay at the time of discharge, etc.). The benefit paid during sick leave and pregnancy and childbirth leave is included.

Honorariums are included in the same manner as the wage for other work. It is calculated at state rates in effect during the period when the payment was made.

A stipend paid during the period of study (at the request of the pension applicant) is equivalent to a wage.

Article 101. Estimation of That Portion of Income Realized in Kind

The portion of income realized in kind is estimated at state retail prices of the period when that remuneration of labor was made.

Article 102. Periods for Which the Average Monthly Wage Is Determined for Purposes of Awarding a Pension

The average monthly wage for awarding a pension is determined (at the request of the pension applicant): for the last 24 months of work (service, except regular military service) preceding the pension application or any 60 successive months of work (service) during the entire working life before application for the pension.

The number of months over which the average monthly wage is calculated does not include (at the request of the pension applicant) incomplete months of work because work did not begin or end on the first of the month and months (including incomplete months) of leave granted to care for an infant under age three and also worktime during which the individual was disabled or received compensation for loss incurred by a mutilation or other impairment to health, caring for a disabled person in Group I, a disabled child under age 16, or an elderly person requiring the care of someone else in the opinion of a medical institution. Months excluded are replaced by other months immediately preceding the period chosen or immediately following it.

Article 103. Procedure for Calculating the Average Monthly Wage

The average monthly wage for periods indicated in Article 102 of the Law is calculated by dividing the total amount of wages over the 24 months of work (service) and the 60 months of work (service) by 24 and 60, respectively.

If work lasted less than 24 months, the average monthly wage is calculated over the months actually worked by the number of those months.

In those cases when the period worked was less than one full calendar month, the pension is computed on the basis of the adduced monthly wage. It is determined as follows: the wage for all the time worked is divided by the number of days worked, and the amount obtained is multiplied by the number of workdays in the month, calculated as an annual average (21.2 for a five-day workweek and 25.4 for a six-day workweek). In this case, the wage from which the pension is computed may not exceed the sum of two wages (salaries) of the worker in question.

Article 104. Computation of the Wage of Certain Categories of Workers

The wage of persons working in the service of private individuals taken for computation of the pension is limited by the total amount of wage of workers and employees of the relevant occupation and qualification employed at state institutions and in organizations rendering everyday services to the public.

The pension of members of creative unions of the USSR and the union republics and other creative workers (Article 89, Paragraph 2, of the Law) is computed on general grounds established by this section of the Law. Their average monthly wage is determined for the last two calendar years before application for the pension or for any five calendar years in succession during the entire working life before application for the pension.

Article 105. Computation of the Pension of Citizens Who Have Immigrated From Other Countries

The pension of Soviet citizens who have immigrated from other countries and have not worked in the USSR

is computed from the average monthly wage of workers and employees of the relevant occupation and qualification in the USSR up to the time when the pension was awarded.

Article 106. Recomputation of a Pension Because of an Increase in Total Longevity

When there is an increase in total longevity used for determining the amount of the pension (Articles 16, 17, 18, 19, and 34 of the Law), the pension is recomputed for the year or for a number of years.

If the pensioner to whom a pension was awarded for incomplete total work service has acquired the longevity sufficient for establishment of a full pension, the pension is recomputed regardless of how much time has passed since the pension was awarded.

A pension is recomputed at the request of the pensioner from the wage from which it was awarded previously (recomputed) or from the wage as if a new pension were being awarded.

Article 107. Recomputation of a Pension in Connection With an Increase in the Wage

The pension of pensioners who have worked at least 24 months after the pension was awarded at a higher wage may be recomputed (at their request) on the basis of the average monthly wage calculated for 24 months of successive work after the pension was awarded, according to the procedure established by Articles 102 and 103 of the Law.

Successive recomputations are not done earlier than after 24 months since the previous recomputation.

Article 108. Computation of the Pension in the Case of Loss of a Breadwinner Who Is a Pensioner

The pension of survivors of deceased pensioners is computed (at the request of the pension applicant) from that wage from which it was computed for the breadwinner or from the wage determined in accordance with this section of the Law.

Article 109. Computation of the Pension in Connection With Transfer From One Pension to Another

When a transfer is made from one pension to another, the wage is determined on general grounds established by the present section of the Law. The pension on the new basis may also be computed (at the pensioner's request) from that wage from which the pension paid earlier was determined.

Article 110. Increased Pensions

The amount of the pension computed in accordance with this Law is increased as follows:

- for Heroes of the Soviet Union and individuals awarded the Order of Glory in the three degrees—by 50 percent;

- for Heroes of Socialist Labor—by 25 percent;
- for individuals awarded the Order of Labor Glory in the three degrees or the order "For Service to the Homeland in the Armed Forces of the USSR" in the three degrees—by 15 percent;
- for participants in the Great Patriotic War, including civilian employees—by 25 percent of the minimum old-age pension (Article 17, Paragraph 1, of the Law);
- for individuals unjustifiably repressed for political reasons and later rehabilitated—by 25 percent of the minimum old-age pension (Article 17, Paragraph 1, of the Law).

Article 111. Rules for Awarding Pension Supplements

Supplements to a pension, including the minimum and maximum pension, are awarded after its increase in accordance with Article 110 of the Law.

A pension including supplements is not subject to a maximum amount.

If in the family there are two or more pensioners who are not working, every non-able-bodied member of the family supported by them in common is counted for awarding the supplement of only one of the pensioners, however they choose.

Article 112. Increasing the Minimum Amount of Work Pensions and Welfare Pensions of Individuals Living in Areas Where Regional Coefficients Have Been Applied to Wages

The minimum amounts of work pensions and welfare pensions are determined for persons living in regions where regional coefficients to wages of workers and employees have been established using the respective coefficient over the entire period they have resided in those localities. Moreover, if differing coefficients have been established, that coefficient is recognized which was in effect in the given region for workers and employees in nonproduction sectors.

VIII. Welfare Pensions

Article 113. Conditions Determining the Right to a Welfare Pension

The welfare pension is awarded as follows: to disabled persons in Disability Groups I and II, including persons disabled from childhood, and also disabled persons in Disability Group III; to disabled children under age 16; to disabled children under age 18 who have lost one or both parents; and to individuals who have reached age 65 and 60 (men and women, respectively).

Medical indications whereby a child under age 16 is declared disabled are confirmed according to the procedure defined by the RSFSR Council of Ministers.

Article 114. Amount of the Welfare Pension

The welfare pension is established in the following amounts: a) for persons disabled from childhood and

Disability Groups I and II, disabled persons in Disability Group I, disabled children, and also children who have lost both parents, and children of a deceased single mother—in the amount of the minimum old-age pension (Article 17, Paragraph 1, of the Law); b) to disabled persons in Disability Group II (excluding persons disabled from childhood), to children who have lost one of their parents, and to individuals who have reached age 65 and 60 (men and women, respectively)—in the amount of two-thirds of the minimum old-age pension (Article 17, Paragraph 1, of the Law); c) to disabled persons in Disability Group III—in the amount of one-half of the minimum old-age pension (Article 17, Paragraph 1, of the Law).

Article 115. Application of Certain Rules of Section III of the Law

The rules envisaged by Articles 23-25, 47, and 48 of the Law are extended to individuals awarded a welfare pension in connection with disability.

Article 116. Payment of a Pension to Working Pensioners

The pension is paid to working pensioners in the full amount.

IX. Awarding and Payment of Pensions

Article 117. Agencies Providing Pension Coverage

Pension coverage under this Law is provided by state social security agencies.

The rules governing application for a pension, the awarding of a pension and payment procedure, confirmation of longevity on the basis of witness testimony, and the keeping of pension records are established according to the procedure defined by the RSFSR Council of Ministers.

Article 118. Date as of Which a Pension Is Awarded

A pension is awarded as of the date of application for it, except in the cases indicated in Article 119 of the Law.

The date of application for a pension is considered to be the date when application is filed with all necessary documents. When the application and documents are sent by mail, the date they are sent is taken as the date of application.

In cases when all the documents necessary for awarding the pension are not appended to the application, the pension applicant is given a clarification as to which additional documents he must present. If they are presented within three months from the date of receipt of the clarification to that effect, the date when the application was filed is taken as the date of application.

The pension application is examined by the social security agency no later than 10 days after its receipt with all necessary documents or after additional documents have been received.

Article 119. Assignment of a Pension as of a Date Earlier Than the Date of Application for It

A pension is assigned as of a date earlier than the date of application for it (Article 118 of the Law) in the following cases:

- the old-age and service pension—as of the date of termination of work (service) if application for it followed no later than one month from the date of retirement from work;
- the disability pension—as of the date of establishment of disability if application for it followed no later than 12 months from that date;
- the survivor's pension—as of the date of the breadwinner's death if application for it followed no later than 12 months from the date of his death; when the pension is applied for later, it is assigned to commence one year earlier than the date when the application for it was filed.

In all cases, the pension does not commence as of a date earlier than the date the applicant qualified for it.

Article 120. General Rules Governing the Payment of a Pension

Pensions are paid for the current month.

Pensions are delivered and forwarded at state expense.

Article 121. The Date on Which the Amount and Type of Pension Changes

The amount of a pension that has been awarded changes when the right arises for its increase—as of the first of the month following the month in which the pensioner applied for the increase in the pension with all the necessary documents; when circumstances arise calling for reduction of a pension—as of the first of the month following the month in which those circumstances came about.

The transfer from one pension to another is made as of the first of the month following the month in which the application to that effect was filed with all the necessary documents.

Article 122. Payment of a Pension During the Time a Pensioner Resides in a Home for the Elderly or a Home for Disabled Persons

Regardless of the grounds of awarding a pension and the type of pension of persons residing in homes for the elderly and the disabled, pensioners are paid the difference between the total amount of their pension and the cost of their stay in the home, but not less than 10 percent of the pension (at least 25 percent in the case of persons disabled as a consequence of a war injury) and R15 per month.

If a pensioner residing in a home for the elderly and disabled has non-able-bodied family members supported as his dependents, then the pension is paid according to the following procedure: for one family member—one-fourth of the pension, for two family members—

one-third of the pension, for three or more—half of the pension, for the pensioner himself—the remainder of the pension after deduction of the cost of stay in the home, but in all cases at least 10 percent of the pension (at least 25 percent for persons disabled as a consequence of a war injury) and R15 per month.

Article 123. A Pension Payment Which the Pensioner Has Not Received Promptly

Amounts of a pension awarded which the pensioner has not received promptly are paid for all past time, but not for more than three years before application was filed to receive it.

The amounts of a pension not received promptly through the fault of agencies assigning or paying the pension are paid for past time without any time limitation whatsoever.

Article 124. Suspension of Payment of a Pension During Imprisonment

During imprisonment of the pensioner under a court verdict, payment of a pension that has been awarded is suspended.

Article 125. Payment of Unreceived Amounts of Pension in the Case of the Pensioner's Death

Amounts of a pension to which a pensioner is entitled and not received because he has died are paid to his heirs on general grounds.

Family members of the deceased who have paid for burial are paid these amounts before receipt of the inheritance.

X. Responsibility of the Enterprise (Organization) and of Individuals, Settlement of Disputes Concerning Pension Matters

Article 126. Responsibility for the Authenticity of Information Contained in Documents Issued for Assignment and Payment of a Pension

The enterprise (organization, individual) is accountable for the authenticity of the information contained in documents issued for assignment and payment of a pension.

In cases when information contained in documents is incorrect and payment of a pension is made on the basis of those documents, the enterprise reimburses the relevant social security agency the loss incurred.

Article 127. Duties of the Enterprise (Organization) and the Pensioner. Their Responsibility

The enterprise (organization) is required within five days to notify the agency that has paid a pension that a pensioner has been hired.

A pensioner must notify the agency paying his pension that circumstances have come about causing a change in the amount of the pension or termination of its payment.

If these duties are not performed, and payment of excessive amounts of a pension are made accordingly, the enterprise and the pensioner reimburse the relevant social security agency the loss incurred.

Article 128. Recovery of Amounts of a Pension Paid Excessively Because of the Pensioner's Abuse

Overpayments of a pension to a pensioner because of his abuse (presentation of documents containing information he knows to be incorrect, concealment of changes in the composition of the family for which a survivor's pension is being paid, and so on) may be withheld from the pension by decision of the agency paying the pension. The amount withheld on that basis may not exceed 20 percent of the pension to which the pensioner is entitled to be paid over and above withholdings on other grounds. In all cases of attachment of a pension in connection with legislation, the pensioner retains at least 50 percent of the pension to which he is entitled.

If payment of a pension is terminated, the remaining debt is recovered through the courts.

Article 129. Disputes Concerning Pension Matters

Disputes concerning the assignment and payment of a pension, withholding from a pension, and recovery of overpayments of a pension are subject to permission of the superior social security agency. If the individual (enterprise, organization) does not agree with the decision made by that agency, the dispute is settled according to the procedure established by legislation concerning civil legal procedure.

XI. Procedure Whereby the Law on State Pensions in RSFSR Takes Effect

Article 130. The Date When the Law Takes Effect

This Law takes effect: with respect to pensions for disabled veterans and other participants in war (including military employees), families of military personnel who were killed, individuals unjustifiably repressed for political reasons and later rehabilitated, minimum amounts of work pensions, pensions to orphans, participants in cleaning up after the disaster at the Chernobyl Nuclear Power Plant, welfare pensions, and also with respect to prescriptions that do not affect the amounts of pensions and procedure for computation of the pension and the wage (Section VII of the Law)—as of 1 March 1991; the remainder as of 1 January 1992, and until 1 July 1992 pensions are paid in an amount not to exceed R180 per month.

Article 131. Recomputation of Pensions According to the Documents in the Pension File

Individuals who under the conditions and norms of this Law are entitled to a higher pension are assigned the pension (it is recomputed) in accordance with the Law.

The pension is recomputed according to documents in the pension file on the basis of the wage from which the pension was computed. That wage is increased by 4

percent for every full calendar year that has passed since the pension was assigned (up through 1990), but not by more than R250.

If by the date of the recontribution additional documents have been presented, specifically concerning the wage, and they meet the requirements of the Law, the pension is recomputed so as to take those documents into account.

Article 132. Recomputation of Pensions According to Documents Submitted After the Law Takes Effect

When additional documents are submitted after this Law takes effect (concerning longevity, the wage, and so on), entitling the pensioner to a further increase of a pension assigned earlier, the pension is again recomputed. Here, the pension is recomputed as of the date when the Law takes effect, but not over more than 12 months (the month when documents are presented is not counted).

If these documents are presented after 1 July 1993, the pension is recomputed on general grounds established by Article 121 of the Law.

Article 133. Retention of an Amount of Pension Established Earlier

Individuals whose pension was assigned before this Law takes effect and who under the conditions and standards of the Law are not entitled to a higher pension retain the pension in the previously established amount, but not greater than the maximum amount of the pension envisaged by the Law.

Article 134. Recomputation of Personal Pensions Assigned Earlier

As of 21 November 1990 no further personal pensions will be awarded on the territory of RSFSR. Personal pensions awarded on the territory of RSFSR before 21 November 1990 are abolished as of 1 January 1992. Individuals awarded such pensions before they were abolished are awarded pensions as of 1 January 1992 in accordance with legislation in effect on the same grounds as other citizens.

Decree on New Law

*914F0074B Moscow SOVETSKAYA ROSSIYA
in Russian 7 Dec 90 p 5*

[Decree of the RSFSR Supreme Soviet, signed by B.N. Yeltsin, chairman of the RSFSR Supreme Soviet, in Moscow, RSFSR Palace of Soviets, adopted 20 November 1990: "On Certain Matters Related to Implementing the RSFSR Law on State Pensions in the RSFSR"]

[Text] The Supreme Soviet of the Russian Soviet Federal Socialist Republic decrees as follows:

1. When the RSFSR Law on State Pensions in RSFSR takes effect on 1 March 1991, the USSR Law on Pension

Coverage of Citizens in the USSR and the Decree of the USSR Supreme Soviet on Procedure for Implementing the USSR Law on Pension Coverage of Citizens in the USSR shall cease to be valid on the territory of RSFSR.

2. For workers and employees in the coal, metallurgical, and other branches of industry and construction, for whom higher maximum amounts of old-age pensions were established in accordance with Article 13 of the USSR Law on State Pensions, the RSFSR Law on State Pensions in RSFSR will take effect earlier—as of 1 January 1991, and over the period up to 1 January 1992 pensions will be paid in an amount not to exceed R210 per month.

This rule also extends to individuals whose old-age pensions were awarded before 1 January 1991, including those awarded before the higher maximum amounts of pensions were instituted for those workers.

3. The RSFSR Council of Ministers is hereby ordered as follows:

- by 25 November 1990, to submit for approval of the RSFSR Supreme Soviet the draft of the Regulation on the RSFSR Pension Fund;
- by 1 January 1991, to see to adoption of the necessary normative acts in accordance with the RSFSR Law on State Pensions in RSFSR;
- by 1 March 1991, to prepare proposals concerning procedure for payment of pensions to individuals going abroad and also in cases of travel from one union republic to another;
- by 15 May 1991, to prepare proposals on methods for determining the level of adjustment of pensions in connection with change in the cost-of-living index and the rise in remuneration of labor;
- jointly with respective departments and scientific research institutions, to study the problem of preferential old-age and service pension coverage, the present working conditions in sectors of the economy and their correspondence to the level of development of technology and engineering achieved in the present stage, to draft the respective lists of production operations and occupations related to the awarding of pensions under preferential conditions. Proposals on these matters, in particular on adopting old-age pensions on preferential conditions and service pensions for seagoing personnel of the maritime and river fleets and the fleet of the fishing industry are to be submitted by 1 July 1991.

4. The Commission for Social Welfare Policy of the Council of the Republic, jointly with committees of the RSFSR Supreme Soviet and commission of the chambers, is to examine the proposals made by people's deputies of RSFSR concerning pension coverage of workers and submit relevant proposals for the next session of the RSFSR Supreme Soviet.

5. The procedure for assignment and payment of pensions to cosmonauts and athletes in effect as of the date when this Law takes effect is to be preserved on the territory of RSFSR.

6. The RSFSR Council of Ministers is to perform the necessary measures to put the RSFSR Law on State Pensions in RSFSR into effect by the date assigned.

Turkmen Draft Law on Local Self-Management, Economy

914A0235A Ashkhabad TURKMENSKAYA ISKRA in Russian 30 Oct 90 pp 3, 4

[Draft Law of the Turkmen Soviet Socialist Republic on Local Self-Management and Local Economy in the Turkmen SSR]

[Text] Local self-management in the Turkmen SSR is part of the people's socialist self-management and is intended to ensure the realization of the rights and freedoms of the republic's citizens and their independence in solving problems concerning the social and economic development of the territory and environmental protection.

Section I. Concept, System, Bodies, and Principles of Local Self-Management

Article 1. Concept of Local Self-Management

Local (territorial) self-management in the Turkmen SSR represents an independent solution of all problems of local life implemented by citizens, directly or through bodies elected by them, proceeding from public interests and characteristics of administrative-territorial units and on the basis of laws and a corresponding material and financial basis.

Article 2. Local Self-Management System

The local self-management system includes the following: local soviets of people's deputies; territorial public self-management bodies (soviets and committees of microrayons and housing complexes, house, street, quarter, settlement, and rural committees, and other bodies); as well as local referendums, meetings, citizens' assemblies, and other forms of direct democracy.

Local self-management is carried out within the boundaries of Turkmen SSR administrative-territorial units.

The rural soviet, settlement, rayon, city rayon, and city form the territorial basis for local self-management.

For the purpose of exercising their rights and interests more efficiently, rural inhabited localities, settlements, and cities can unite themselves into associations.

Local self-management bodies function in close interaction with labor collectives and public organizations and movements and create conditions for the realization by every citizen of the constitutional right to participate in the management of state and public affairs.

Article 3. Local-Self Management Bodies

The following are local self-management bodies:

1. The soviet of people's deputies—representative body of state power and the basic link in the local self-management system. On their territory soviets coordinate the activity of the entire local self-management system;

the presidium (chairman) of the soviet of people's deputies, which organizes the soviet's activity;

the executive committee (chairman) of the soviet of people's deputies—the soviet's executive and administrative body, which ensures the fulfillment of its decisions;

2. Soviets and committees of territorial public self-management, which organize the public life of the population of the microrayon, housing complex, quarter, street, and settlement.

Article 4. Basic Principles of Local Self-Management

Local self-management is carried out on principles of:

- expression of the people's will through soviets of people's deputies, local referendums, and other forms of direct democracy; legality;
- independence of soviets of people's deputies and their responsibility for the solution of problems of local significance;
- protection of citizens' rights and legitimate interests and social justice;
- electivity of soviets of people's deputies and territorial public self-management bodies and their subordination to the population;
- glasnost and taking public opinion into account;
- combination of local and state interests.

Article 5. Realization of Citizens' Rights in Self-Management

Citizens residing on a corresponding territory directly solve the most important problems of local significance, elect the local self-management body, and adopt decisions on its disbandment in accordance with Turkmen SSR laws.

Section II. Competence of Local Self-Management Bodies

Article 6. General Provisions

1. The competence of local self-management bodies is established with due regard for the possibility of its independent realization at a given administrative-territorial level and cannot be changed other than by Turkmen SSR law.

2. Within their competence determined by this law, Turkmen SSR laws on local soviets of people's deputies, and other legislative acts local self-management bodies are independent.

3. Local soviets of people's deputies at different levels have the right:

- by mutual agreement to redistribute among themselves individual functions of their competence in the area of economic and social-cultural development with due regard for specific demographic, territorial, and socioeconomic conditions and characteristics;
- to delegate part of their powers to territorial public self-management bodies;
- to form and reorganize bodies established by them, including territorial, interterritorial, sectorial, and intersectorial management bodies, to determine their powers in accordance with Turkmen SSR laws, and to independently establish the structure and staff.

4. Presentation of and support for petitions to the higher soviet of people's deputies for submission for the award of the honorary title "Heroine Mother," of the orders "Glory of Motherhood," of the medals "Labor Veteran," "Medal of Motherhood," "For Bravery in Dealing With Fires," and "For Saving From Drowning," and of Turkmen SSR state awards.

5. Turkmen SSR local soviets of people's deputies have the rights of legal persons.

Article 7. Competence of Self-Management Bodies of the Rural Soviet, Settlement, City Rayon, and City (of Rayon Subordination)

The solution of the following problems of local life is within the competence of self-management bodies of the rural soviet, settlement, city rayon, and city (of rayon subordination):

- approval and realization of plans for the social and economic development of a territory;
- approval of an independent budget and report on its fulfillment, as well as utilization of nonbudget revenue sources;
- establishment, in accordance with Turkmen SSR laws, of local taxes and deductions, solution of problems concerning the issue and withdrawal of loans, and establishment of various obligations;
- formation and use of currency funds in accordance with the established procedure;
- solution of problems of granting privileges to physical and legal persons in connection with taxes, obligations, deductions, and allowances established by the soviet of people's deputies;
- establishment of the legal regime of property forming part of its municipal property, control over the administration and use of this property, and solution of problems of changing this form of property and its cooperation with other forms of property;
- issue of permits and conclusion of contracts for the beginning of economic and building activity on its administrative territory in accordance with Turkmen SSR legislation;
- registration of bylaws of cooperatives forming part of the local economy, issue of permits to engage in

individual labor activity, and control over the observance of corresponding legislation;

- examination of matters concerning the establishment, transformation, and liquidation of kolkhozes, sovkhozes, organizations of lessees, cooperatives, leasing collectives, daykhan (peasant) farms, and other formations of agricultural producers on the territory of the soviet of people's deputies;
- conclusion of economic and other contracts by the soviet of people's deputies with all the enterprises, kolkhozes, institutions, and organizations located on its administrative territory and control over their activity connected with the execution of normative acts on environmental protection, use of land and natural resources, and observance of sanitary rules and rules in the area of labor protection; application of sanctions for violating the indicated acts and rules provided for by Turkmen SSR legislation, including suspension of the activity of economic and other bodies;
- proceeding from public interests and sanitary requirements, establishment of the general procedure of services for the public;
- solution of problems of granting land and other natural resources for use on its administrative territory in accordance with the procedure and within the limits established by Turkmen SSR legislation;
- submission of petitions to change the administrative-territorial structure, boundaries, status, and name of inhabited localities and solution of problems concerning property and legal relations arising in the process;
- approval of statutes on the executive bodies of soviets of people's deputies of its administrative-territorial units and on the status of territorial public self-management bodies;
- distribution of housing under the authority of the soviet of people's deputies and issue of uniform vouchers for living space to citizens;
- appointment and dismissal of managers of enterprises forming part of the local economic system of the soviet of people's deputies;
- ensuring the protection and use of historical and cultural monuments on its territory;
- maintenance of cemeteries, common graves, and other burial places in appropriate condition;
- providing assistance to single and very old citizens in need of services at home by social relief bodies;
- control over the fulfillment of rules of the passport system and citizens' registration in and out;
- civil registration in accordance with Turkmen SSR legislation;
- appointment of guardians and trustees and control over the fulfillment of their obligations;
- registration of family property partitions, including peasant farms (households);
- execution of notarial acts within the powers granted by Turkmen SSR legislation on the state notariate;
- organization of the implementation of fire-fighting measures in inhabited localities;

- issue of certificates attesting to the personality, as well as the family and property status, and other certificates to citizens;
- initial registration of reservists and conscripts in accordance with the established procedure;
- notification of reservists and conscripts of their call-up into military commissariats and assistance for prompt appearance following the call-up;
- ensuring job placement for citizens, including those transferred to the reserve or demobilized from the ranks of the USSR Armed Forces, and providing suitable domestic conditions for them.

Article 8. Competence of Self-Management Bodies in the Rayon or City

The competence of self-management bodies in the rayon and city of Ashkhabad includes an independent organization of spheres of life brought about by the common interests of residents of lower administrative-territorial units, as well as the execution of powers delegated by self-management bodies of these units on the basis of concluded contracts.

The following pertain to the competence of self-management bodies in the rayon and city of Ashkhabad:

- management of the corresponding administrative territory;
- development and realization of economic, social, cultural, and ecological programs for the development of a territory;
- approval of the internal budget and the report on its fulfillment, as well as the use of nonbudget revenue sources;
- coordination of draft plans of enterprises, regardless of the status of their activity, in the area of construction, use of manpower, local raw materials, and secondary resources, land, water, and forest use, environmental protection, and services for the public, as well as in other spheres pertaining to the competence of the local soviet of people's deputies;
- establishment and reorganization of enterprises, kolkhozes, institutions, and organizations of the local economy, regulation of the activity of the local economy, and coordination of problems concerning the establishment and reorganization of other enterprises, institutions, and organizations;
- appointment and dismissal of managers of enterprises forming part of the local economic system of the soviet of people's deputies;
- issue of permits for the execution of economic activity, registration of enterprises, institutions, organizations, and partnerships, establishment of requirements for the construction, expansion, and reconstruction of all the projects located on the territory, for the construction of buildings and buildup of the territory, and for the formation of the architecture and landscape, and control over their observance;
- solution of problems concerning the planning and construction of all projects of the social and production infrastructure and, if needed, fulfillment of the functions of a single client;
- distribution in a centralized manner of the allocated resources among enterprises, organizations of local significance, and the population;
- allocation of land plots, control in the area of land use, protection, and organization, and solution of other problems in accordance with the procedure established by legislation;
- development and implementation, jointly with other state bodies, of measures to save the population and to protect the national economy in cases of accidents, catastrophes, and natural calamities;
- establishment on a specific territory of requirements concerning nature protection and use and control over their application with the right to suspend economic activity;
- suspension or termination, in case of nonobservance of sanitary requirements and production standards, of the sale of foodstuffs and consumer goods;
- submission of proposals on the institution of protected territories, organization of their protection, and assistance in the establishment of rules concerning their use;
- declaration that state monuments of architecture, nature, history, and culture of local significance are placed under the protection of the territory; organization of the recording of state monuments and their protection;
- coordination and regulation on its territory of the placement, structure, and activity of projects of the social infrastructure, determination of the procedure of their operation, and solution of problems of providing the population with living space;
- development of a network of institutions and organizations of public health, social guardianship, public education, culture, physical culture and sports and of other institutions and organizations for social purposes;
- regulation of the placement of labor resources and migration processes, organization of the population's efficient employment, workers' retraining, and personnel training;
- regulation, in accordance with the established procedure, of prices and rates of services rendered to the population by all the enterprises located on the territory, as well as of services rendered by enterprises of the local economy to other organizations, and of prices of products produced at enterprises of the local economy;
- announcement of local voluntary loans, holding of lotteries, and issue of shares;
- coordination of the activity of lower soviets of people's deputies in matters of establishment of local taxes and deductions by them in accordance with Turkmen SSR legislation;
- granting of privileges concerning payments into the internal budget and determination of the amount of the tax (compensation) for allocated land plots, for the use of installations, other projects of the rayon and city economy, and local natural resources, and for

- individuals residing on the self-management territory, but working on the territory of other self-managements (local soviets);
- approval of statutes on the executive bodies of soviets of people's deputies of its administrative-territorial units and on the status of territorial public self-management bodies;
 - approval, in accordance with the procedure established by legislation, of the wage fund of institutions and organizations maintained at the expense of budget funds;
 - if necessary, conclusion of contracts and agreements on cooperation with enterprises, institutions, and organizations not belonging to the local economy and with other self-managements, foreign firms, and foreign bodies of local power and administration;
 - development and implementation of measures to balance the population's income and expenditure;
 - formation and use of currency funds in accordance with the established procedure;
 - organization of the maintenance of state and public order, protection of citizens' rights and freedoms, as well as of the property of legal and physical persons, and ensuring legality on the subordinate territory;
 - performance of notarial acts within the powers granted by Turkmen SSR legislation on the state notariate;
 - issue of certificates attesting to the personality, as well as the family and property status, and other certificates to citizens;
 - initial registration of reservists and conscripts in accordance with the established procedure;
 - notification of reservists and conscripts of their call-up into military commissariats and assistance for prompt appearance following the call-up.

Article 9. Competence of Territorial Public Self-Management Bodies

The rights and duties of territorial public self-management bodies are determined by the statutes worked out and approved by these bodies and registered in the corresponding local soviet of people's deputies.

Territorial public self-management bodies have the right to own the property created at citizens' expense, or transferred to labor collectives, public organizations, or local soviets for possession (management).

Decisions on the organization of public life and administration of the property of territorial public self-management are adopted at assemblies and meetings, or by a referendum.

Territorial public self-management bodies have the right to transfer on a voluntary basis the administration of their property to local soviets of people's deputies.

In cases provided for by USSR and Turkmen SSR legislation territorial public self-management bodies can be given the rights of legal persons.

Article 10. Mutual Relations of the Oblast Soviet of People's Deputies With Self-Management Bodies

The oblast soviet of people's deputies is a regional management body. Powers to organize on a voluntary basis economic and social-cultural services for rayons and cities, to implement interterritorial measures, to give financial aid for balancing local budgets in cases established by law, and to render methodological assistance to ensure legality in the realization of local self-management pertain to its competence.

The powers of the oblast soviet of people's deputies also include the rights and responsibility included in the competence of the oblast level of management by USSR and Turkmen SSR legislation.

Article 11. Legislation on Local Self-Management and Local Economy

1. Local self-management is regulated by the Turkmen SSR Constitution, this law, and other Turkmen SSR laws.
2. The operation of Turkmen SSR laws on local self-management also extends to monofunctional settlements (territories of military posts and closed-type settlements).

Section III. Economic Basis for Local Self-Management

Article 12. Economic Basis for Local Self-Management

Natural resources (land, mineral wealth, water, forests, and the plant and animal world) and municipal and other property, which serves as a source for obtaining the income of local self-management and meeting the socio-economic needs of the population of a corresponding territory, form the economic basis for local self-management.

Article 13. Local Economy and Its Structure

1. The local economy ensures a direct satisfaction of the population's needs and the functioning of the local self-management system.
2. The local economy consists of enterprises, organizations, institutions, and projects of the production and social infrastructure, which are the municipal property of a corresponding administrative-territorial unit.
3. With the owner's consent the local economy can include enterprises, organizations, and institutions not under municipal ownership, whose activity is connected primarily with services for the public.

With the consent of the population and local self-management bodies the local economy can also include projects created as a result of citizens' labor participation, or purchased with their voluntary contributions.

4. Local soviets of people's deputies, within the limits of their competence, can grant enterprises, organizations, and institutions forming part of the local economy the preferential right to use local land and other natural resources and material and technical supply from local resources.

5. Local soviets of people's deputies have the right, without coordination with higher bodies, to establish enterprises, organizations, and social and cultural institutions with the funds available to them.

Article 14. Municipal Property

1. Municipal property forms the basis for the local economy. Corresponding soviets of people's deputies and bodies authorized by them administer and manage municipal property on behalf of the population of administrative-territorial units.

2. Municipal property includes property transferred free of charge by the USSR, the Turkmen SSR, and other subjects, as well as property created or purchased by the local soviet of people's deputies with funds belonging to it.

Local soviets of people's deputies have the right to submit proposals on the transfer or sale to municipal ownership of corresponding administrative-territorial units of enterprises, organizations, institutions, and their structural subdivisions, as well as projects pertaining to other forms of state property, if they are of especially great importance for meeting municipal-domestic and social-cultural needs of the population of a given territory and for the functioning of the local economy.

The procedure of transfer, purchase, and sale, as well as the list, of state property transferred free of charge to the ownership of administrative-territorial units of various levels and the procedure of examination of disputes arising in the process are determined by the Turkmen SSR Supreme Soviet.

Article 15. Mutual Relations of Local Self-Management Bodies With Enterprises

Economic relations of local self-management bodies with enterprises, organizations, and institutions not under municipal ownership are built on a tax and contractual basis.

Article 16. Socioeconomic Development of a Territory

The local soviet of people's deputies independently works out and approves programs for the socioeconomic development of a corresponding territory within existing powers, proceeding from material and financial resources, maximum use of local resources and production reserves, and interests of environmental protection with due regard for the development of entrepreneurship and market relations.

Programs for the socioeconomic development of a territory should solve the priority problems of a given region and contain obligations to higher bodies and assignments and economic regulators for enterprises and organizations forming part of the local economy and for subordinate soviets of people's deputies, as well as generalized information on the development of the region's economy during the planned period and balance calculations.

The development of programs is based on a system of economic, social, scientific-technical, and other normatives determining the level of development of the Turkmen SSR national economy and individual sectors, as well as oblasts, cities, and rayons.

Article 17. Material and Technical Provision and Commodity Exchange Among Territories

1. Material and technical provision for local self-management bodies and projects of the local economy is carried out under conditions of a full economic independence of participants in economic activity on the basis of direct contracts concluded among them, as well as through wholesale and retail trade in accordance with the established procedure.

Centrally distributed material resources necessary for the socioeconomic development of a territory, services for the public, construction, environmental protection, and satisfaction of other local needs are allocated to local soviets of people's deputies by the republic's corresponding bodies.

2. Commodity exchange among territories is made under conditions of openness of territorial markets.

Local soviets of people's deputies do not have the right to introduce restrictions on the import and export of products and goods outside a corresponding territory.

Article 18. Participation in Foreign Economic Relations

1. Local soviets of people's deputies organize foreign economic relations and participate in them on principles of currency recovery in accordance with Turkmen SSR laws.

Local soviets of people's deputies promote an expansion of foreign economic relations of enterprises, organizations, and institutions located on their territory, development of the export base, and increase in output (jobs and services).

2. Local soviets of people's deputies and bodies established by them have the right:

- to conclude contracts with foreign partners for the sale and purchase of products with available currency funds or on another basis;
- to establish joint enterprises for the development and use of natural resources, output of consumer goods, and provision of services for the public and to participate in the establishment, with foreign partners, of joint scientific, cultural, tourist, physical culture, and health improvement centers and other organizations for economic and scientific-technical cooperation connected with the provision of social and production spheres with modern equipment and means of mechanization for housing-municipal and city services for enterprises for the processing of agricultural products and with the development of their material base;
- to organize proximal border and coastal trade

Section IV. Financial Basis for Local Self-Management**Article 19 Financial Resources**

Financial resources of local self-management consist of budget and nonbudget funds of local soviets of people's deputies, as well as funds of other territorial self-management bodies.

Article 20. Local Budget

1. Local soviets of people's deputies independently draft, approve, and fulfill budgets of corresponding territories in the population's interests. Interference on the part of higher bodies in the process of drafting, approval, and fulfillment of local budgets is not permitted.

2. Minimum sizes of local budgets are determined on the basis of normatives of budget coverage per resident established by the Turkmen SSR Supreme Soviet.

Article 21. Local Budget Revenues

1. The following revenues are fully entered in the budgets of rural, settlement, city rayon, and city (of rayon subordination) soviets of people's deputies:

- tax on production cooperatives;
- land rent;
- land tax, with the exception of the part centralized in the republic budget;
- local taxes and dues.

2. The following are fully entered in local budgets:

- income tax on citizens of the Turkmen SSR and other Union republics, foreign citizens, and persons without citizenship;
- tax on the wage fund of kolkhoz members;
- profit (income) tax and the payment for natural resources from enterprises, organizations forming part of the local economy, and joint enterprises in accordance with the shares of local soviets of people's deputies in them;
- territorial tax collected from the profit (income) of Union, republic, and other enterprises and organizations not forming part of the corresponding local economy at rates determined by the Turkmen SSR Law within the limits of the established part of the tax on the profit of these enterprises and organizations entering the republic's budget;
- payment for labor resources;
- profit tax from kolkhozes, consumer cooperatives, and public organizations;
- state duty and payment for patents for individual labor activity;
- receipts from the leasing of property under municipal ownership of local soviets of people's deputies;
- other revenues in accordance with Turkmen SSR laws.

3. The following deductions at stable long-term normatives are made into local budgets:

- from the payment for natural resources;
- from the turnover tax;
- from other revenues provided for by USSR and Turkmen SSR laws.

4. Normatives of deductions into corresponding local budgets are approved by higher soviets of people's deputies depending on the total amount of revenues and on the total amount of local budget expenditures and social normatives established by USSR and Turkmen SSR bodies of state power.

The rates of payment for labor and natural resources are stable and long-term and are established by Turkmen SSR laws. They can be differentiated depending on labor provision for the economic evaluation of natural resources on a territory.

Payments by enterprises into the budget are made at the location of enterprises, their affiliates, and other structural units and subdivisions. The distribution of payments of enterprises, which have affiliates and other structural units and subdivisions on a given territory, is made in proportion to the share of their workers in the total number of those employed at an enterprise.

5. Local soviets of people's deputies in accordance with Turkmen SSR laws establish the following:

- profit tax rates for enterprises and other projects of the local economy under municipal ownership;
- local taxes, tolls, and duties.

6. Grants, subventions, and subsidies from higher budgets can be assigned to local budgets.

7. By mutual agreement local soviets of people's deputies can transfer part of their rights to the use of revenue sources of budget formation to a higher soviet for financing projects of territorial and interterritorial significance.

8. Local soviets of people's deputies have the right to grant to individual payers privileges concerning taxes and payments received in a corresponding local budget.

Article 22. Local Budget Expenditures

1. Local soviets of people's deputies independently:

- determine the directions in the use of funds of local budgets and spend budget funds;
- redistribute, within the funds available to them, the expenditures on the maintenance of housing and municipal services, of public health, public education, social security, culture, and sports institutions, and of internal affairs and nature protection bodies and determine additional privileges and grants when assistance is provided to individual population categories;
- establish the amount of expenditures on the maintenance of local management bodies;
- form reserve funds.

2. Revenues additionally obtained during the fulfillment of local budgets, as well as the amounts of excess of revenues over expenditures formed as a result of the overfulfillment of revenues or saving of expenditures, remain at the disposal of local soviets of people's deputies, are not subject to withdrawal, and are used at their discretion.

Article 23. Nonbudget Funds

1. Local soviets of people's deputies form nonbudget funds, which include:

- additional revenues and saved financial resources obtained as a result of the implementation of measures for the solution of economic and social problems organized by local soviets;
- voluntary contributions and donations by citizens, enterprises, organizations, and institutions;
- revenues from local loans, local lotteries with money and goods as prizes, and auctions;
- fines collected when enterprises and organizations receive unsubstantiated profit (income) in connection with excessive prices (rates) of products (jobs and services);
- fines for environmental pollution, an inefficient use of natural resources, and other violations of legislation on nature conservation and of sanitary norms and rules, as well as payments compensating for the damage done. The amounts of these fines and payments are used for the implementation of nature conservation and health improvement measures and for incentives for enterprises for lowering or eliminating the discharge of pollutants and an efficient use of natural resources;
- fines for administrative infringements of the law committed on the territory of the local soviet, as well as stoppages of pay to cover deficiencies by corresponding people's control bodies;
- 50 percent of the hidden or understated income of enterprises, organizations, and institutions located on the territory of the local soviet of people's deputies uncovered by checks;
- income from the sale of ownerless and confiscated property;
- other nonbudget funds.

2. The resources of nonbudget funds are in special accounts opened in bank institutions, are not subject to withdrawal, and are spent at the discretion of local soviets of people's deputies.

3. With the consent of enterprises, organizations, institutions, and the population local soviets of people's deputies can unite their funds, as well as budget and nonbudget funds, for the construction, expansion, repair, and maintenance on a share basis of projects of the social and production infrastructure, as well as for nature conservation measures.

Article 24. Currency Funds

The currency funds of local soviets of people's deputies are formed from the tax on the currency income of

enterprises and organizations located on their territory without dependence on the forms of property at rates determined by USSR and Turkmen SSR tax legislation, as well as from receipts from their own foreign economic activity. Local soviets of people's deputies independently determine the directions in the use of their currency funds.

Article 25. Financial Resources of Territorial Public Self-Management

1. Financial resources of territorial public self-management are formed from voluntary contributions and donations of enterprises, organizations, institutions, and the population and from the income from established enterprises and implemented measures.

2. Local soviets of people's deputies have the right to transfer part of their financial resources to territorial public self-management bodies.

3. Territorial public self-management bodies:

- independently use the financial resources at their disposal in accordance with the goals of their activity, including for the maintenance of the bodies established by them;
- have the right to open accounts for monetary operations in bank institutions.

Article 26. Participation of Local Self-Management Bodies in Credit Relations and in the Organization of Monetary Circulation

1. Local soviets of people's deputies and other local self-management bodies, which are legal persons, have the right:

- to use on a contractual basis credits for production and social purposes;
- to participate with their own resources in the establishment and activity of financial and credit institutions on a joint-stock or share basis in accordance with USSR and Turkmen SSR laws;
- to establish goal-oriented funds and to transfer them to any bank institution as resources for the extension of credit for goal-oriented programs and measures for the solution of territorial problems.

2. Local soviets of people's deputies have the right to draw up territorial consolidated financial balances. Corresponding state and public bodies, enterprises, organizations, and institutions submit the information necessary for drawing them up to the soviet of people's deputies and its executive and administrative bodies.

Section V. Guarantees of Local Self-Management

Article 27. Safeguarding the Powers of Local Self-Management Bodies To Develop a Territory

Problems of establishment or transformation of economic and social projects and use of natural resources on a corresponding territory are solved only with the consent of the local soviet of people's deputies.

Enterprises, organizations, and institutions, regardless of their subordination and form of property, do not have the right to make changes in the plans of their activity connected with matters specified by the contract with the local soviet and coordinate without fail with the corresponding soviet of people's deputies measures that can lead to ecological, demographic, and other consequences affecting the interests of the population of a territory.

Article 28. Safeguarding Socialist Legality

1. The decisions of referendums, meetings, citizens' assemblies, local soviets of people's deputies, and territorial public self-management bodies should not contradict Turkmen SSR laws.

2. Local soviets of people's deputies have the right:

- to put forward to the court or the State Board of Arbitration demands on declaring invalid the acts of state and local self-management bodies, enterprises, organizations, and institutions, which violate the rights and legitimate interests of citizens residing on a given territory, as well as the powers of the local soviet of people's deputies, and before the adoption of a decision by the court or the board of arbitration to suspend the operation of the contested acts by local self-management bodies, enterprises, organizations, and institutions;
- in case of natural calamities, ecological catastrophes, epidemics, epizootic diseases, fires, and violations of public order to carry out special measures provided for by law to ensure citizens' personal safety, to protect their rights and legitimate interests, and to maintain all forms of property and law and order;
- in cases provided for by law to adopt decisions establishing administrative responsibility for their violations;
- to exercise other powers provided for by Turkmen SSR laws.

Article 29. Obligatory Nature of Decisions and Protection of Rights of Local Self-Management

1. Decisions of the local referendum on matters placed under the authority of local self-management by Turkmen SSR laws are binding on corresponding soviets of people's deputies, territorial public self-management bodies, and all organizations and citizens on a given territory.

2. Decisions of local soviets of people's deputies adopted within the powers established by this law and other Turkmen SSR laws are binding on enterprises, organizations, institutions, cooperatives, public organizations, and their bodies located on the subordinate territory, as well as on officials and citizens.

3. Decisions adopted at general meetings of residents and citizens' assemblies are of a recommendatory nature and are subject to a mandatory examination by the local soviet of people's deputies.

4. Enterprises, organizations, institutions, and citizens bear responsibility, including liability as to property, to local self-management bodies, compensating in a full volume for losses caused by their decisions, actions, or inaction to the population's interests, to the local economy, and to the environment, as well as for the damage done as a result of nonfulfillment of decisions by local self-management bodies.

The protection of the rights and legitimate interests of local self-management bodies is ensured by the court or the State Board of Arbitration in accordance with Turkmen SSR laws.

Differences of opinion arising among local soviets of people's deputies at various levels on matters concerning a change in their competence are examined in accordance with the procedure established by Turkmen SSR laws.

Article 30. Responsibility of Local Self-Management Bodies

Local self-management bodies bear responsibility for the legality of adopted decisions.

Disputes concerning the restoration of the violated rights of enterprises, organizations, institutions, and citizens arising as a result of the actions or inaction of local self-management bodies are resolved in the court or in the State Board of Arbitration.

The damage done to enterprises, institutions, organizations, and citizens as a result of illegitimate decisions, actions, or inaction by local self-management bodies is compensated for by them in a full volume from their own funds.

Article 31. Examination of Proposals by Local Self-Management Bodies

Supreme bodies of Turkmen SSR state power and administration, republic bodies of public organizations, and higher soviets of people's deputies must examine and take into consideration in their activity proposals by local self-management bodies and report the results of the examination within a 1-month period.

Ukrainian Law on Prices, Price Formation

Text of Law

914A0225A Kiev SILSKI VISTI in Ukrainian
11 Dec 90 pp 1,2

[“Law of the Ukrainian Soviet Socialist Republic on Prices and Price Formation”]

[Text] In accordance with the Declaration of State sovereignty of the Ukraine and the Law of the Ukrainian SSR “On the Economic Independence of the Ukrainian SSR,” the Ukrainian SSR is implementing its own policy of prices. The Law sets out the basic principles of the establishment and application of prices and tariffs and

the organization or control over their maintenance within the territory of the republic.

Chapter I. General Regulations

Article 1.(med Legislation of the Ukrainian SSR on price formation

The legislation of the Ukrainian SSR on price formation is composed of this Law and other legislative acts of the Ukrainian SSR, which are issued in connection with it.

Article 2. Sphere of application of the law

This law applies to all enterprises and organizations, regardless of their form of ownership, the authority to which they are subordinated and the methods of organization of work and production they use.

Article 3. Price formation policy

The policy of price formation is a constituent part of the general economic and social policy of the Ukrainian SSR and is aimed at guaranteeing:

- equal economic conditions and stimuli for the development of all forms of ownership and the economic independence of enterprises, organizations and administrative-territorial regions of the republic;
- a balanced market of means of production, goods and services;
- counteraction to monopolistic tendencies on the part of those providing production, goods, and services;
- an objective interrelation of prices for industrial and agricultural production, which guarantees equivalence of exchange;
- an extension of the sphere of application of free prices;
- improvement of the quality of products;
- social guarantees, especially for citizens with low wages and little protection, including a system of compensatory payments in relation to the increase of prices and tariffs;
- the establishment of essential economic guarantees for producers;
- the orientation of prices in the internal market to the level of the world market.

Article 4. Mandate of the Council of Ministers of the Ukrainian SSR in the area of price formation

The Council of Ministers of the Ukrainian SSR:

- guarantees the implementation in the republic of the state price policy;
- determines the list of products, goods and services, the state fixed and regulated prices and tariffs of which are approved by the appropriate government bodies;
- determines the mandates of government bodies with regard to the establishment and application of prices (tariffs) as well as control of prices (tariffs).

Article 5. Social protection of the population against price and tariff increases

Bodies of the government of the Ukrainian SSR consistently implement measures to support the living standard of the population, in particular for citizens with low pay and little protection, by introducing compensation for losses related to the increase of prices and tariffs, and also through the indexation of income for certain socio-economic groups.

Citizens have the right of legal appeal against illegal acts of state bodies, enterprises and other legal or physical entities and may ask for damages to cover losses resulting from the provision to them of goods or services in a manner that violates the requirements of the price legislation.

Chapter II. Establishment and Application of Prices and Tariffs

Article 6. Forms of prices and tariffs

In the economy, free prices and tariffs and state fixed and regulated prices and tariffs are applied.

Article 7. Free prices and tariffs

Free prices and tariffs are established on all forms of production, goods and services, with the exception of those which are subject to state regulation of prices and tariffs.

Article 8. State regulation of prices and tariffs

State regulation of prices and tariffs is implemented by establishing:

- state fixed prices (tariffs);
- maximum levels of prices (tariffs), or maximum deviations from state fixed prices and tariffs.

In the case of an excessive increase of prices which had been freed from control at the decision of the Council of Ministers of the Ukrainian SSR or executive committees of oblast or city [for cities subordinated to the republic] councils of people's deputies, a temporary return to state regulation of prices and tariffs is permitted.

The government of the Ukrainian SSR may introduce other methods of state regulation of prices and tariffs.

Article 9. State fixed and regulated prices and tariffs

State fixed and regulated prices and tariffs are established on resources which have a determining influence on the general level and movement of prices, on goods and services which have a decisive social significance, and on production, goods and services the production of which is centered in enterprises occupying a monopoly position in the market.

State fixed and regulated prices and tariffs are established by state bodies of the Ukrainian SSR.

The Council of Ministers of the Ukrainian SSR, with the agreement of the Supreme Soviet of the Ukrainian SSR,

approves the retail prices of bread, flour, meat, sugar, milk, butter, oil, baby food, alcoholic products and, depending on the size of state orders, based on the principle of equivalence of exchange of goods, the purchase prices of the basic forms of agricultural production.

Article 10. Change of state fixed and regulated prices and tariffs

Change in the levels of state fixed and regulated prices and tariffs for specific forms of production, goods and services is carried out according to procedures and time periods which are established by the bodies which approve or regulate prices (tariffs) in accordance with this Law.

Change of state fixed and regulated prices and tariffs may occur in relation to changes of conditions of production and provision of production which are not related to the economic activity of enterprises.

Article 11. Price formation in relation to export and import operations and inter-republican exchange

For the purposes of export and import operations carried out directly or through an external trade intermediary in accounts with foreign partners, contract (external trade) prices are applied, which are established in relation to the prices and conditions of the world market.

The regulation of internal price formation on export and import production (services) is done by the Council of Ministers of the Ukrainian SSR.

Inter-republican exchange of production is carried out according to contractual prices.

Article 12. State bodies of management of price formation

Coordination of the work of implementing the price policy, carrying out economic analyses of the levels and movement of prices and the application of measures for the regulation of prices and tariffs is done by the appropriate state bodies of the government of the Ukrainian SSR and their structural subdivisions.

The establishment of an estimated normative base and determination of the procedure of its application in construction, control of filling of normative documents and meeting of standards by those placing orders, planning, construction and other organizations is done by the State Construction and Architecture Committee of the Ukrainian SSR.

Chapter III. Control of Prices

Article 13. Control of maintenance of state discipline with regard to prices

1. State control of prices is carried out through the establishment and application of state fixed and regulated prices and tariffs. At the same time, within the

sphere of action of free prices, the legality of application and maintenance of the regulations of antimonopoly legislation are controlled.

Control of the maintenance of state discipline with regard to prices is carried out by bodies which have been given this function by the government of the Ukrainian SSR. These bodies carry out the control in close cooperation with unions, consumer associations and other community organizations.

State bodies which carry out control of prices and their officials have the rights, fulfill the duties and have the responsibilities defined by the Law of the Ukrainian SSR "On the State Tax Service in the Ukrainian SSR," except for the mandates defined in points 6-9 of Article 11 of that Law.

Enterprises should provide essential information, in accord with the established procedure, for the realization of control of the correctness of the establishment and application of prices.

Statistical bodies guarantee the supervision of the movements of prices and tariffs in the republic, elaborate indexes of their changes, and determine the effects of changes of prices and tariffs on the standard of living of the population. Bodies which establish prices and tariffs and financial bodies take part in the organization of the statistical supervision.

Article 14. Responsibility for the violation of state price discipline

All receipts improperly obtained by an enterprise or organization as a result of violation of state discipline of prices will be added to the income of the appropriate budget, depending on the authority to which the enterprise or organization is subordinated. In addition, fines of twice the amount of the improper receipts will be added to the extra-budgetary funds of local councils of people's deputies. The amount will be deducted from the bank accounts of the enterprise or organization according to an uncontested procedure.

Enterprises, organizations and other legal and physical entities have the right to contest through arbitration price violations by state bodies, enterprises, organizations, cooperative societies or other legal or physical entities and ask for damages for losses resulting from the provision to them of goods or services in a manner which violates the requirements of valid legislation.

Prices and tariffs approved in a manner which violates this Law and the decisions of the government of the republic about price formation are invalidated by the Price Committee of the Council of Ministers of the Ukrainian SSR.

Persons who are guilty of violation of the procedure of the formation and application of prices and tariffs will be subject to prosecution for administrative or criminal liability.

[Signed] Chairman of the Supreme Soviet of the Ukrainian SSR L. Kravchuk, Kiev, December 3, 1990

Decree on Law's Implementation

914A0225B Kiev SILSKI VISTI in Ukrainian
11 Dec 90 p 1

[Decree of the Supreme Soviet of the Ukrainian SSR: "On the Procedure of Implementation of the Law of the Ukrainian SSR 'On Prices and Price Formation'"]

[Text] The Supreme Soviet of the Ukrainian Socialist Republic resolves:

1. To bring into effect the law of the Ukrainian SSR: "On Prices and Price Formation" as of January 1, 1991.

2. That the Council of Ministers of the Ukrainian SSR should, before January 1, 1991:

- determine the list of production, goods and services for which state fixed and regulated prices are established, as well as the mandates of government bodies for the approval of prices and tariffs and the control of maintenance of state discipline with regard to prices;
- elaborate a mechanism of social protection of the population, as well as a minimal consumer budget, taking into account international experience, which is to be the basic guarantee of the social protection of the population;
- bring decisions of the government of the republic in accord with the law of the Ukrainian SSR: "On Prices and Price Formation";
- guarantee the review and cancellation by ministries and departments of the Ukrainian SSR of normative acts which contradict this Law.

3. That the Council of Ministers of the Ukrainian SSR pass a motion before April 1, 1991, regarding the fixing of liability for violation of the principles of the law of the Ukrainian SSR: "On Prices and Price Formation."

[Signed] Chairman of the Supreme Soviet of the Ukrainian SSR L. Kravchuk, Kiev, 3 December 1990

Uzbekistan Law on Trade Abuses, Speculation

914A0207A Tashkent PRAVDA VOSTOKA in Russian
16 Nov 90 pp 3,4

[Law of the Uzbek Soviet Socialist Republic on Enhancing Penalties for Abuses in Trade and Speculation]

[Text] In view of the aggravation of the situation in our country's consumer market, mounting unfavorable phenomena in the distribution of goods in short supply and other goods, and the exploitation of these circumstances with a view to extracting illicit incomes, as well as taking into account numerous proposals by citizens and public organizations to take resolute measures to step up the combating of abuses in trade and speculation, the Uzbek SSR (Soviet Socialist Republic) Supreme Soviet resolves:

I. To make the following amendments and additions to the Uzbek SSR Code of Statutory Violations enacted by the Uzbek SSR Law dated 13 December 1985 (VEDOMOSTI VERKHOVNOGO SOVETA UZBEKSKOY SSR, 1985, No. 35, page 411; 1989, Nos. 12-13, Article 107):

1) Articles 166, 167, 170, and 171 will be worded as follows:

"Article 166. Violations of trade rules by the employees of enterprises (organizations) of trade (public catering)

"Violations of trade rules by the employees of enterprises (organizations) of trade (public catering)—

"entail the imposition of a fine of between 100 and 300 rubles [R].

"The sale of goods from storage facilities, warehouses, the stock rooms of enterprises (organizations) of trade (public catering) and consumer cooperatives, as well as the concealment of goods from shoppers by employees of enterprises (organizations) of state trade (public catering) and consumer cooperatives, if the cost of the goods hidden or sold does not exceed R50—

"entail the imposition of a fine of between R300 and R1,000.

"Article 167. Violations of the rules for trade in alcoholic beverages

"Violations of the rules for trade in vodka and other alcoholic beverages by employees of enterprises (organizations) of trade and public catering—

"entail the imposition of a fine of between R100 and R300."

"Article 170. Vendor trade at unapproved locations

"Vendor trade in manufactured goods in cities on streets and in squares, in yards, doorways, public gardens, and other unapproved locations—

"entails the imposition of a fine of between R50 and R200 and the confiscation of objects sold.

"Article 171. Petty speculation

"Petty speculation, that is, purchasing and reselling consumer goods and other valuables with a view to profiteering, in the event the scope of profiteering does not exceed R100—

"entails the imposition of a fine of between R100 and R300 and the confiscation of goods sold.

"Petty speculation by a person who has been subjected to statutory penalties for the above violation within the last year—

"entails the imposition of a fine of between R300 and R1,000 with the confiscation of the objects of speculation, or corrective labor for a period of one to two months, with 20 percent of the earnings withheld and the objects of speculation confiscated";

2) to word Part 4 of Article 27 as follows:

"In exceptional cases, in view of meeting obligations following from the international treaties of the USSR and the Uzbek SSR, and in view of a special need to enhance administrative penalties by means of USSR and Uzbek SSR legislative acts, higher fines may be provided for than the present article envisages";

3) to add the words "and of the Uzbek SSR" in Point 5 of Article 223 and Part 5 of Article 224 following the words "of the legislative acts of the USSR,";

4) to add to the code Article 166-1 which reads as follows:

"Article 166-1. Cheating shoppers and customers"

"Cheating on measures, weights, and change, exceeding established retail prices, as well as prices and tariffs for household and communal services rendered to the populace, or other cheating of shoppers and customers in shops and other trade establishments or at the enterprises of public catering, household services to the populace, and municipal facilities in the amount of not more than 50 kopeks—

"entails the imposition of a fine of between R50 and R200";

5) to stipulate that the reports on statutory violations provided for in Article 166-1 are drawn up by the authorized officials of the organs of internal affairs or executive committees of rayon, city, city rayon soviets of people's deputies, authorized employees of the Committee of People's Control, workers' control, state trade inspectorates, or cooperative control;

6) to delete Article 170-2 from the code;

7) to replace the numbers "158-166" with the numbers "158-166-1" in Part 1 of Article 228, and to delete the number "170";

8) to add the number "170" following the number "156" in Article 232, and to delete the number "170-2";

9) to delete the words "illegal sales of goods or other objects" from Point 1, Article 272;

10) to add the number "170" after the number "156" in Part 2, Article 278; Part 2, Article 288; Part 1, Article 305, and the second paragraph of Article 305, and to delete the number "170-2."

II. To make the following amendments and additions to the Uzbek SSR Criminal Code enacted by the Uzbek SSR Law dated 21 May 1959 (VEDOMOSTI VERKHOVNOGO SOVETA UZBEKSKOY SSR, 1959, 6, Article 2):

1) Articles 175, 177-2, and 181-1 will be worded as follows:

"Article 175. Speculation. Speculation, that is, purchasing goods at enterprises (organizations) of state

retail trade and consumer cooperatives and their retail with a view to profiteering—

"is punished by up to five years of imprisonment with or without the confiscation of assets, or by a fine of between R3,000 and R5,000.

"Speculation committed repeatedly or on a massive scale, or with prior collusion with a group of people, or by using state, cooperative, or other public forms of trade—

"is punished by between three and seven years of imprisonment with the confiscation of assets or a fine of between R10,000 and R20,000.

"Speculation committed on a particularly large scale, or committed by a person with a previous criminal record for speculation, or committed by an organized group—

"is punished by between five and 10 years of imprisonment with the confiscation of assets.

"Petty speculation by a person who has been subjected to administrative penalties twice within one year for the same actions—

"is punished by up to one year of corrective labor or a fine of between R1,000 and R3,000.

"Note: Speculation on a large scale should be interpreted as speculation with the size of profits being R200 or more, and speculation on a particularly large scale—R1,000 or more."

"Article 177-2. Violation of trade rules."

"The sale of goods from storage facilities, warehouses, stock rooms of enterprises (organizations) of state trade, public catering, and consumer cooperatives, as well as the concealment of goods from shoppers, unless these actions entail administrative penalties or are committed within one year after a statutory penalty was imposed—

"is punished by up to one year imprisonment, or corrective labor of the same duration, or a fine of between R1,000 to R3,000 with the revocation of the right to hold certain positions and engage in certain activities.

"The sale of goods from storage facilities, warehouses, stock rooms of enterprises (organizations) of state trade, public catering, and consumer cooperatives, as well as the concealment of goods from shoppers committed by employees of these enterprises with prior collusion by a group of persons or committed by an official—

"is punished by up to three years imprisonment, or up to two years of corrective labor with or without the confiscation of assets, with the revocation of the right to hold certain positions or engage in certain activities for between three and five years.

"Actions covered by Parts 1 and 2 of the present article and committed on a large scale or by persons with a previous criminal record for the same crime—

"are punished by between three and seven years of imprisonment, or a fine of between R5,000 and R10,000, with the confiscation of assets, with the revocation of the right to hold certain positions or engage in certain activities for between three and five years.

"The sale of goods from storage facilities, warehouses, stock rooms of enterprises (organizations) of state trade, public catering, and consumer cooperatives, as well as the concealment of goods from shoppers committed on a particularly large scale—

"is punished by between five and 10 years of imprisonment with the confiscation of assets and the revocation of the right to hold certain positions and engage in certain activities for between three and five years.

Note: A large scale should be interpreted as selling or concealing goods worth a total of R2,500 or more, and a particularly large scale—R10,000 or more."

"Article 181-1. Violations of rules for trade in alcoholic beverages

"A violation of rules for trade in vodka and other alcoholic beverages by the employees of enterprises (organizations) of state trade, public catering, and consumer cooperatives committed by a person who has been subjected to a statutory penalty for the above violation within the last year—

"is punished by up to two years of corrective labor or a fine of between R300 and R1,000, with the revocation of the right to work at the enterprises (organizations) of state trade, public catering, and consumer cooperatives for between three and five years."

2) To add the words "for an amount exceeding 50 kopeks, or committed repeatedly within one year after the imposition of a statutory penalty" to Part 1, Article 177 after the words "of household services to the populace and communal economy";

3) to add to the code articles which read as follows:

"Article 177-3. Illegal trade activities

"Violations of procedures for engaging in trade by citizens (illegal trade activities)—

"are punished by up to two years of corrective labor with the confiscation of assets or without it, or by a fine of between R1,000 and R3,000.

"The same actions committed repeatedly or with the prior collusion by a group of persons—

"are punished by up to three years imprisonment with or without the confiscation of assets, or by a fine of between R3,000 and R10,000.

"Illegal trade activities by an organized group or a person with a previous criminal record for the above crime or speculation—

"are punished by between three and seven years imprisonment with the confiscation of assets, or a fine of between R10,000 and R20,000.

"Article 177-4. Restricting or suspending the production and deliveries of consumer goods to the market

"Restricting or suspending the production and delivery of consumer goods to the market, slowing down their circulation, and other actions committed intentionally with a view to unlawfully raising prices for such goods—

"are punished by up to one year imprisonment or a fine of between R10,000 and R20,000.

"If the same actions cause substantial losses to state or public interests or the legal rights and interests of citizens,—

"they are punished by up to three years imprisonment or a fine of between R20,000 and R30,000";

4) to consider the existing Article 177-3 as Article 177-5.

III. To make the following amendments and additions to Article 108 of the Uzbek SSR Code of Criminal Procedure enacted by the Uzbek SSR Law dated 21 May 1959 (VEDOMOSTI VERKHOVNOGO SOVETA UZBEKSKOY SSR, 1959, No. 6, Article 3):

—in Part 1, replace the words "of Points 'r' and 'd' of Article 175" with the words "Points 1 and 4 of Article 175";

—in Part 4, replace the words "by Points 'b' and 'c' of Article 175" with the words "by Parts 2 and 3 of Article 175" and add the numbers "177-4, 177-5" after the number "177-3."

[signed] President of the Uzbek Soviet Socialist Republic I. Karimov, City of Tashkent, 31 October 1990

Ukrainian Deputy Chairman on Republic's Economy

914A0135A Kiev RADYANSKA UKRAYINA
in Ukrainian 11 Nov 90 pp 1,2

[Interview with Deputy Chairman of the Ukrainian Council of Ministers Victor Hryhorovich Urchukin by A. Kraslianskyi: "I Believe in the Future of the Ukraine"]

[Text]

[RADYANSKA UKRAYINA] Victor Hryhorovich, today most people, and this is completely understandable, are diagnosing our economy on the basis of their own feelings and observations, usually from the standpoint of the consumer market, from what they have on their tables and in their homes. But now that we are on the threshold of a new type organization of the economy, that is, shifting over to a market system, we would like you to give us a broad, generalized assessment of the state of the republic's economy, of all its branches. In

particular now that we hear knocking on our doors a new year that will not be easy for us.

[Urchukin] Let me remind you that 1990 is the last year of our 12th Five-Year Plan. And it is very important to closely analyze the plan's results, so that we will know in what state we will be entering the new system of organization of the national economy. We can say that during the last three years there has been a significant growth in the republic's production of grain and of home appliances. Compared to other republics, Ukraine is developing in a more stable and more goal-oriented manner. This year, for example, the debts of Ukrainian collective farms and state farms have been written off, which will enable them to make an untroubled transition to the market system.

We could mention a few other things. However I am far from being even somewhat satisfied with our management of the economy. It is evident even to the naked eye how quickly inflation is growing, how the shortage of consumer goods, of food products, is increasing. Discipline in production has been shaken, the productivity of labor is falling, crime is increasing.

The destabilization of the material and technical supply of enterprises threatens a stoppage or reduction of production in many branches of the national economy. So far, the terrible crisis continues.

At the same time, the Supreme Soviet of the USSR, the president of the country, the central government appear not to notice what is going on all around. In Moscow they seem to have not heard that Ukraine and other republics have proclaimed their state sovereignty; they pass, without consulting them, new laws and resolutions, which show an attempt to again centrally control all hard currency receipts from exports, to impose state orders on all enterprises in Ukraine.

For our part, we also make decisions without taking into account either the Union or the other republics and disregard the permanent economic ties that exist among enterprises. This lack of cooperation ruins the economy, undermines the whole system of government. The virus of insubordination appears to have infected all of our structures. Oblast councils ignore the laws and resolutions of the Supreme Soviet of the Ukrainian SSR, the decisions and orders of the Council of Ministers of the Ukrainian SSR. In their turn, the city, rayon and village councils fail to implement the decisions of the oblast councils. Pardon me, but nothing like this exists in any other country of the world. I do not favor the command system of administration; on the contrary. But I cannot accept the idea of anarchy in a society, for this has never led to anything good. If we do not find harmony in society, in the Supreme Soviet of the Ukrainian SSR, in the whole deputy body, it is difficult forecast any development of the economy. Unfortunately, for many of the people's deputies, emotions still rule, the lack of professional competence makes itself felt, the battle by specific groups for power is more important for some than concern for the people.

Thus my prognosis regarding the development of the economy of Ukraine is not a very happy one. I am not used to deception, illusion. Only the truth and a consistent search for original approaches can give good results. This is the principle that guides my work. In 1991 Ukraine will face great difficulties in supplying oil, gas, forestry products, cotton and nonferrous metals, particularly given the significant price increases which are soon expected. For example, now we pay 30-31.5 rubles for a ton of oil, but as of January 1, the new wholesale price will be 66.7-74 rubles.

When they met B. Yeltsen, the president of the Russian Supreme Soviet, D. Pavlychko and I. Yukhnovskiy, people's deputies of the Ukrainian SSR, and Yu. Shcherbak, people's deputy of the USSR, proposed switching to world prices in accounting between Ukraine and Russia. I know that these proposals are very popular today with the population. But do you know that the world price of a ton of oil is more than 200 dollars, of one thousand cubic meters of gas—60 dollars, a cubic meter of lumber—305 dollars? We obtain from Russia 57 million tons of oil, close to 90 million cubic meters of gas, 8 million cubic meters of lumber. And world prices of meat and sugar are less than half of our current purchase prices. For these reasons we must economize more on energy, heating fuels, heat. We are not used to this. In my view, whether we like it or not, we must take a more considered approach to the development of our relations with Russia and the Union, learn how to work better, put more effort into the development of home appliance production, services and tourism.

[RADYANSKA UKRAYINA] Then Union and republic concepts of shifting to the market system have just been passed. Given your experience of economic and, especially, government activity, what is your feeling about a quick stabilization of the economy? To what extent do you believe in these concepts?

[Urchukin] To be honest, I cannot believe in Academician Shatalin's concept and program, nor in the President's program, nor in the program prepared by V. Pylypchuk's and O. Yemelianov's group. The concept and program proposed to the Supreme Soviet of the Ukrainian SSR looks like a scenario with something taken from the Lithuanian program, and something from Academician Shatalin's program.

All the announced programs have the same flaws and weaknesses. They lack a clearly set goal for shifting to the market, social protection of the individual, a reliable mechanism for making the transition. From the Lithuanian program, the authors of the Ukrainian concept took the idea of introducing our own currency and private ownership of land. The idea of privatization echoes the articles and propositions of P. Bunich. Everything else is similar to Academician Shatalin's program. I favor the idea of a speedy stabilization of the economy. In this connection I have repeatedly passed on my

propositions to the President of the USSR, M.S. Gorbachev. Unfortunately, however, I have not had any reply, although I know that he is familiar with my program.

As to political reform, I propose a harmonious development of state sovereignty of all the Union republics through a Federation Council, which would be created by them and serve as an interrepublican government body. I believe every republic should delegate 10-12 responsible people to work permanently on the Federation Council. The Council should be chaired by rotation each month by the chairman of the Supreme Soviet of one of the Union republics. Thus, through the creation of the Federation Council, the full sovereignty of every republic would be guaranteed while, at the same time, a new union of sovereign states would be established.

The Federation Council should have three primary responsibilities:

- stabilization of the value of the ruble and the circulation of money;
- stabilization and development of economic ties among republics and enterprises;
- dealing with the problem of transferring enterprises from Union control to the republics.

The Federation Council would make it easier to find harmony among the republics. The Council should control the State Bank of the USSR as the reserve system of all the Union republics; it should also immediately stop any additional printing of paper money. The State Bank of the USSR should also have the right to collect fifty percent of taxes on profits from commercial and specialized banks located anywhere on USSR territory, while withdrawing the necessary amount of paper currency from circulation. This would make it possible within half a year to halt the drop of the value of the ruble, to make the ruble a good in short supply in every republic.

Protecting the internal consumer market through the introduction of the ration book makes it possible to protect the population of the Ukraine from speculators and increased shortages for the period of time until the value of the ruble increases. This move is forced, but without it, the market system cannot begin to develop.

The main factor in the positive development of the market system is the people's confidence in the existing unit of currency and the government. That is why we should, first of all, secure the social protection of the population. I believe we need to take a nontraditional approach. With the transition to the market, we should introduce individual accounting for social insurance. Then each person will himself be able to dispose of his own social insurance fund. From the reserves of the insurance fund we should designate an additional pension to each person of a certain age or suffering from illness. For that purpose, a republican pension fund and differentiated standards of social insurance should immediately be established. The state should guarantee

from its budget a pension at the minimum living standard to old people and those suffering from illness, as well as medical care for children up to the age of 18, people disabled at work or at war and childhood invalids, and cover all expenses related to childbirth and maternity leave.

In order to shift over to the system of individual accounting for social insurance and create a republican pension fund, we must transfer from the state budget all the social insurance savings accumulated over the last 10 years for every working person. This will increase the spending from the budget by 20-25 million rubles. That sum will be the state's contribution to the people for their social insurance for the period of transition to the market. The money can be found from the sale of state property, services and business to the population as private ownership.

I see the transition to the market occurring not through total privatization—extremes are always dangerous—but through the leasing of enterprises, with a simultaneous introduction of wholesale share distribution. It is possible that, after an examination of the budget and the law regarding taxation during November and December of this year, it will be necessary to divide property into general republican and municipal. During the first quarter of 1991, 70 percent of enterprises should be leased out, with a simultaneous introduction of ownership by shareholders. What should remain as the property of the state—in this case, Ukraine—is shares of basic industry, transport, communication, with their value calculated according to the value of the capital goods minus their amortization. Places of work must issue nonredeemable shares and they should decide for themselves how best to divide them up. Dividends on state shares will be a sort of payment for the lease of basic capital goods. P.H. Bunich's propositions regarding privatization of property are socially mistaken. He is again trying to impose a socialism of division, instead of motivating work places to work better and increase the production of consumer goods. Particularly as they themselves have earned this. Half of the dividends earned from state shares will be used for social insurance of the population. The other half will go to increasing the production of consumer goods and converting the defense industry.

I am also against private ownership of land, mineral wealth, water sources and forests. These things are given to people by nature herself. Let a person control land for a long term or even forever, but let us not make it into a commodity, an object to be sold. Otherwise we may find that the land will go to foreigners. Look, Japan has already begun to buy land to put it into a state fund, in order to have more flexibility in controlling it.

The market always foresees competition among producers of goods, the economic freedom of the individual, and antimonopoly state policy. The individual should have free reign over himself, the goods he produces, his own property. The market must have creative people,

those who want to work better, study, are not afraid to take responsibility for their decisions and actions. There are many such people in Ukraine, we must only give them back their confidence and right to creativity and entrepreneurship.

The transition to the market is a creative act of the whole population, and, for that reason, the main decisions should be made by the people. The supremacy of the people's rule should guarantee social harmony and faith in the government. The attempt to again impose one's views on the people from above, with the help of populism and the media, will destroy the people's hope of becoming masters of their country and their fate. The main goal of the transition to the market is to increase the well-being of the people, to make them full-fledged masters in the republic, to guarantee the economic freedom of every individual.

We can say that the program which I propose is a variant of the Polish model. It is not a return to the bourgeois society of the 19th century; it is a development of socialism, which Stalin, and then Brezhnev, killed with their incompetent policy. Today we need the united action of courageous, creative, enterprising people who are able to feel sympathy for others' problems, who have patience and respect for different ideas, decisions, and forms of ownership. I am certain that the people of Ukraine will be able to come out of the crisis within one-and-a-half to two years and become an example of the consolidation of positive forces.

[RADYANSKA UKRAYINA] The program you have outlined has its strong points. But one man in the field does not make an army. What quality is presently most essential for people, for directors of places of work, in order to move our economy to a new rung?

[Urchukin] First of all, as I have already said, belief in our future, creativity, entrepreneurship. The joining together of talented business people in a Ukrainian Association of Industry, Construction, Transport, and Communication. Effective action on the part of the Supreme Soviet and government of the republic, which should always consult the people in all questions relating to the economy and life, and not make decisions in silent offices or in the flame of emotions at meetings.

I would compare the USSR of the past to a large basalt rock, on which neither republic boundaries nor individual persons were visible. This strong fused rock could bear large static loads. But life is dynamic, and needs space and freedom for individuals, business, oblasts, and the republic. That is why microscopic fissures began to appear on the basalt rock, and later large crevices. Today there are too many of them.

But it would be a mistake to think that the republic and the oblasts do not have their own fissures. A chain reaction of destruction has begun, which may lead to a difficult situation. We need people's wisdom, consideration, understanding of one another. Basalt, when it is smelted and filtered through platinum, turns into a

strong fibre, stronger than steel. The coming together in enterprises of creative people and those capable of working—these are the separate threads in the larger fabric of independent republics, which joined together, create a single union.

[RADYANSKA UKRAYINA] There is a lot of talk these days about the need to restructure government bodies. What do you, as the vice-chairman of the government, find most prevents you from fully realizing all your strengths and talents?

[Urchukin] The lack of a clear division among legislative, executive, and judicial powers prevents the government of the republic from acting courageously, in a goal-oriented manner. Many people's deputies of the Ukrainian SSR are trying to replace the government, limit its rights and functions. I favor the active cooperation of the government with the Supreme Soviet, the implementation of our own program of transition to the market, the introduction of a system of a single executive power on the territory of the Ukrainian SSR, and not the disorder that we have at present.

[RADYANSKA UKRAYINA] Today everyone understands that without international integration, cooperation with outside partners, our economy cannot be improved. As the head of the committee for foreign economic links, please tell us, first of all, what the main functions of this committee are and what problems are most difficult to deal with in relation to joint activity by Ukrainian and foreign partners?

[Urchukin] In order to guarantee the true sovereignty of Ukraine, we must have independent foreign economic activity in the republic. If it does not have the support of foreign capital, the Ukrainian SSR will take too long to convert its defense industry, will be unable to rebuild the food industry, provide itself with high-quality paper and cardboard, modernize the petroleum-refining industry.

We need, in addition to capital, modern technologies of production of competitive products. To earn foreign currency, exports of Ukrainian products must reach 6-7 billion dollars in two to three years. In order to ensure this, it is essential to establish an independent Ukrainian publicly-owned bank for foreign trade, a mixed insurance company with foreign firms participating which would insure foreign capital, exports and transport carrying passengers and freight.

We need our own customs, for this is one of the main levers of the market economy. However, Ukrainian customs should form part of a single customs union and set the same tariffs, otherwise a tariff war will begin among the republics. At present, the central government does not support our aims. But, as I have already stated, with the establishment of a Federation Council, all of these problems could be quickly solved. We have already established the "Ukrainetour" association in order to serve foreign tourists and there are plans for a rapid development of this service sector with widespread involvement on the part of oblasts, cities, enterprises,

associations, and small business. We need to build good hotels, ensure the development of an international satellite communications link. There are plans to construct, in association with large foreign firms, a Center of International Fairs, by making use of the exhibition pavilions of the Ukrainian National Exhibition of Economic Achievement. It is time to establish branches of the Republican Trade Center in a large number of cities, in order to sell imported goods to foreign citizens for hard currency.

As of January 1, 1991, Ukraine will deal independently with all questions relating to setting quotas, license of exports, establishment, and registration of joint enterprises with foreign partners. We will also deal independently with matters relating to granting permits and registration of all enterprises and organizations having foreign economic links and the establishment of foreign trade representations on the territory of Ukraine. Our enterprises have already begun to establish joint enterprises abroad. All of these matters should be dealt with by the State Foreign Economic Commission of the Council of Ministers of the Ukrainian SSR.

Unfortunately, the central government, the president of the USSR, continue to limit the sovereign rights of Union republics with regard to foreign economic activity. An example of this is the new decree issued by the USSR president: "Special Regulations Regarding the Use of Hard Currency Resources in 1991," which gives the Council of Ministers of the Ukrainian SSR and the oblasts only five percent of hard currency receipts. These sorts of limitations will make the independent development of any kind of foreign economic activity impossible. Foreign partners will simply not have confidence in the Union republics.

That is why, in my view, the Supreme Soviet of the Ukrainian SSR should return to the draft resolution passed by the government regarding retention of hard currency within the territory of the Ukrainian SSR. We now have drafts of laws outlining the basic concepts of the development of foreign economic activity and customs; preparation has begun of a Ukrainian code of laws relating to foreign economic activity and a customs code of the Ukrainian SSR. These things will guarantee our state sovereignty.

Ukrainian Market Relations Center to Train Specialists

914A0239A Kiev RABOCHAYA GAZETA in Russian
7 Dec 90 p 2

[Interview with V.I. Senchenko, doctor of economic sciences, executive director of the [Ukrainian] "Market" Center [of the Institute of Market Relations and Entrepreneurship], by I. Baranov: "Market' Preparing for the Market"]

[Text] The period of transition to market relations will undoubtedly be difficult for those who await it impatiently and for those who are wary of it.

The Ukrainian "Market" Center of the Institute of Market Relations and Entrepreneurship has set itself the noble task of preparing society for the new conditions. It was established at the initiative of four restless people: Professor I.P. Grushchenko, V.I. Senchenko, V.P. Cherenav, and Assistant Professor O.Yu. Soskin.

We offer an interview with one of them—V.I. Senchenko, doctor of economic sciences, executive director of the "Market" Center—for the readers' attention.

[Baranov] Vladimir Ivanovich, specifically whom will the Ukrainian Center (Institute) of Market Relations and Entrepreneurship be training?

[Senchenko] Specialists with higher qualifications in the following areas: managers, personnel managers, regional economy and ecology economists, sociologists, teachers of sociological disciplines at higher and secondary specialized educational institutions, economists specializing in foreign economic activity, and merchants.

If not today then tomorrow the Ukraine will need hundreds and thousands of top-grade specialists capable of dealing with production processes and intermediary activity at a high professional level. That is, the Declaration on the Sovereignty and Economic Activity of the UkrSSR has promoted the establishment of just such an educational institution. We are an entirely independent, leased enterprise that will exist exclusively on the basis of tuition fees. I realize that I will be asked whether this will be expensive. The answer is: yes, this will not be cheap. But cheap specialists have already cost us very dearly. What is more, enterprises, institutions, and sponsors can pay for the training of the specialists.

People completing our year's training course will receive a state diploma attesting to the fact that they have obtained higher education a second time. A short-term training faculty has also begun operating on the basis of the demand for various kinds of knowledge. Thus, the first seminar is called: "Economic Activity Under the Conditions of the Transition to Market Relations." It accordingly addresses the question of how to become involved in the market. This is one of the most important questions at the present time. After all, the old administrative structure is still in operation at the same time that the shoots of the organized market are beginning to appear, that scarcity and the shadow economy exist simultaneously, etc.

The trainee or his sponsor must pay about 500 rubles for an 80-hour course.

[Baranov] Will the trainees' affiliation with various parties, people's fronts, movements, and religions be considered?

[Senchenko] The economic mechanism is in general not a social, not an ideological category. That it has been ideologized is another matter. It has been made into the following bundle: the plan is socialism, the market is capitalism. From a theoretical point of view, I will say directly that this is downright stupidity, especially

because we began building socialism under Lenin specifically on the basis of market relations and this should be known. What we have today is the result of our departure from them over time. An automatic fires the same in the hands of any person. Therefore, political, ideological, and religious convictions have no meaning for us. Incidentally, we are petitioning the Ministry of Higher Education not to establish age restrictions. After all, creativity and initiative do not depend on age. Only when you have the requisite knowledge and ability can you manage an enterprise and people.

[Baranov] It is my understanding that your cadre training program is oriented toward the world level. Do your teachers have the scientific potential required to carry it out?

[Senchenko] We are a qualitatively new post-VUZ retraining institution. Of course, we will also organize the work of the teachers in a new way. We will have practically no staff teachers. We will work with teachers only on a contract basis. Today there are still no people who could conduct the entire course. But there are those who know individual questions. In some places, those who are hired will be paid 10 times more than staff personnel, but the demands on them will also be much higher. We are instituting and evaluating our rating system. A teacher's earnings will depend on the points assigned by trainees in their evaluation of the teacher's lectures or activities. In my opinion, this is the only way of ridding ourselves of the free ride mentality, dogmatism, duplication, and exorbitant praise of the work of institutions, organizations, and individuals that obscures shortcomings and makes it difficult to eliminate them, etc.

[Baranov] Vladimir Ivanovich, if there is a center, there must obviously also be a periphery. Is that not so?

[Senchenko] Already today there are proposals from oblast centers and large cities in the republic to establish affiliates even though we have naturally tried to gain our independence as small enterprises. Thus we will proliferate structurally.

One more point. The Ukraine possibly possesses exceptional potential as an organizer that was to a significant degree not realized in previous years. This is our vast property. This is the foundation of our national development in the future. I hope that our "Center" (and we will move in this direction gradually) will become notable in Europe as a scientific-practical center for training management cadres.

INTERREGIONAL, FOREIGN TRADE

RSFSR Foreign Minister on Hard-Currency Credit Problems

914A0228A Moscow OGONEK in Russian No 49,
1-8 Dec 90 p 31

[Interview with RSFSR Foreign Minister Andrey Kozyrev by OGONEK correspondent Asya Kolodizhner: "What Is the Better Part of Debt?"]

[Text]

[Kolodizhner] The president of the country has signed a number of agreements on the provision of loans to the USSR recently. Russia will receive some of these hard-currency proceeds. How will relations between Russia and the center be structured with regard to the issues of distributing and using hard currency? How is the issue of the repayment of debt obligations in the environment of instability of the union expected to be resolved? Who is going to repay loans received in the past?

[Kozyrev] Until recently, central establishments solved all problems associated with loans obtained in the West. This was characteristic of an ultracentralized totalitarian state.

Our republics were sovereign only on paper. The situation is changing fundamentally at present. A Russian parliament has been elected, a much more honest and fair one than anything we have had so far. The parliament has formed a government and developed its economic plan. At a recent meeting of the Union and Russian governments, it was resolved to create a hard-currency committee with the participation of all Union republics. The committee will not only distribute to the republics a proportion of the hard-currency means that have already been procured abroad, but will also resolve the issue of what loans and for what purposes are to be obtained and where and whether they should be obtained at all. Arrangements for coordinating hard-currency issues will have to be perfected. However, it is already clear that Russia will not be responsible for obligations assumed without its participation.

[Kolodizhner] Will Russia determine itself what loans it needs, or will the Union establishments dictate terms?

[Kozyrev] I believe that the center should fall out of the habit of the role of an elder brother. At present, the main issue is for the money not to go down the drain. There have been such cases; the center has obtained large loans in the West, and nobody has been able to say where they have gone. We have a tremendous stock of equipment purchased abroad, but this equipment has not been used. The central establishments took the money, but the republics are the ones having to repay the squandered money. These are the debts of the united state by virtue of loans that the center managed. We are now abandoning this order or, more precisely, disorder. This is what the hard-currency committee is needed for.

[Kolodizhner] Why can the republics not take out loans themselves bypassing the center?

[Kozyrev] They may and will sign their own hard-currency agreements.

[Kolodizhner] What will the hard-currency committee do in this case?

[Kozyrev] This is a Union structure. The committee will manage loans obtained by the Union Government. The main point is to work out a democratic principle of

coordination and eliminate the dictate of the center, to prevent the apparatus from acting as if nothing has happened. The fact that those in high offices try to ignore new circumstances is the main cause of our mess. The following argument is made: "This will complicate matters." Of course, the old procedure based on decision-making in offices and telephone calls was simpler. A small group of people could resolve all issues, including those of hard currency, behind the scenes. We are still reaping the fruits of such simplified decisions.

Very complex mechanisms exist in democratic countries. The process of coordination with the parliament, private banks, industry, and dozens of ministries is a long one, but the results are much better than what we have.

[Kolodizhner] Will Russia take part in resolving the issue of the segment of the loans to be allocated for the needs of the military establishment?

[Kozyrev] This task has been set for the parliament of Russia. At present, neither the Union nor the republic parliaments know specifically how the military budget is drawn up and for what programs the funds, including hard currency, are solicited. We raise the issue of the need to analyze military programs. What defense concept is the military establishment proposing, what specific adversaries do we expect to face? It is time to remove old heavy-duty padlocks. The American military submits entire volumes for consideration by the parliament, but this does not affect the security of the country in any way.

[Kolodizhner] Will your establishment voice its point of view?

[Kozyrev] We are already doing this. We believe that it is necessary to hold hearings for deputies and to invite scientists and MFA [Ministry of Foreign Affairs] representatives. The task of the MFA is to provide its expert concept and subsequently to work out proposals regarding the share of contributions to the all-Union budget that should be attributed to Russia. Frankly, I think that this is the lion's share. Other republics should do the same. We strive to ensure the harmony of republic interests. The all-Union security concept will be made up of these [interests].

[Kolodizhner] Is it specified in the loan agreements that the loans should not be spent for military purposes?

[Kozyrev] So far, these agreements have still been compiled in keeping with the old pattern, and it is impossible to familiarize ourselves with them. Besides, the issue is considerably broader—we do not know what share of our national income is allocated for military purposes. All establishments should be in the budget, and the budget should be known. In this case, we will be masters of our own destiny and will get rid of the confidence shortage that emerges because it is unknown how much is taken from the common pot and for what, rather than because the mass media write too much about the Army—OGONEK has also been accused of that. There

are no grounds for mistrust when these issues are resolved by parliamentarians elected by the people rather than representatives of the nomenklatura.

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Turkmenistan, Ukraine Sign Economic Accord
914A0237A Ashkhabad TURKMENSKAYA ISKRA
in Russian 27 Nov 90 p 1

[“Agreement Between the Governments of the Turkmen Soviet Socialist Republic and the Ukrainian Soviet Socialist Republic on Economic and Cultural Cooperation in 1991-1995” signed by S. Niyazov, president of the Turkmen SSR, and V. Fokin, chairman of the UkSSR Council of Ministers]

[Text] The governments of the Turkmen Soviet Socialist Republic and the Ukrainian Soviet Socialist Republic, hereafter referred to as “Parties,” based on the principles of economic independence and traditional good-neighbor relations, and with the aim of advancing mutually advantageous economic relations on the basis of equality, conclude the present intergovernmental agreement:

Article 1

The Contracting Parties, considering the existing economic ties and commodity exchange relations between the Turkmen Soviet Socialist Republic and the Ukrainian Soviet Socialist Republic, agreed to preserve reciprocal deliveries of products in 1991 at least at the 1990 level and to adopt measures to equalize their future volume on an equivalent basis.

Article 2

The Parties agreed to carry on interrelations on the basis of appropriate contracts, agreements or protocols concluded between enterprises, organizations, institutions, and organs of territorial (municipal) government and other economic subjects within their jurisdiction. They bear full responsibility for the observance of their obligations and jointly envisage measures to prevent any attempt by economic subjects to infringe the interests of one of the Parties.

Article 3

The Parties agreed to complete the conclusion of contracts for the delivery of raw materials, technical products, consumer goods, and foodstuffs in 1991 before 15 December 1990.

Article 4

The Parties shall promote the preservation, establishment, and expansion of direct economic ties between enterprises, organizations, institutions, and other economic subjects in reciprocal trade in raw materials, produce, and consumer goods between enterprises, organizations, institutions, and other economic subjects and in rendering services connected with the transition to market relations, and in making up shortfalls under contracts or individually accepted orders.

Article 5

The Parties consider that enterprises and organizations located on the republic's territory may participate in the cooperative effort regardless of forms of property and departmental affiliation. The establishment of joint ventures is a possibility. Enterprises and organizations located outside the territory of the republics and foreign partners may participate in the cooperative effort.

Article 6

In the settlement of accounts for reciprocal deliveries in 1991, the Parties shall use existing price lists and contract prices (in Soviet rubles) that are acceptable to both Parties. The Parties shall refrain from actions that might work to the economic detriment of one another.

Article 7

The Parties agreed to complete work on the Program of Long-Term Cooperation in the following directions within three months of the date of signing of the present agreement:

- general economic problems and financial-credit policy;
- development of the social sphere and national culture;
- development of the consumer goods market and the production of consumer goods;
- scientific-technical progress, computerized information processing, and ecology;
- improvement of the structure of industrial production and the utilization of production capacities;
- material-technical supply;
- agriculture and food;
- construction and architecture;
- population migration;
- legal aid;
- coordination of the actions of law enforcement agencies.

Article 8

The Parties agreed that their territorial organs of government, enterprises, organizations, institutions, and other economic subjects concluding contracts that have certain restrictions on reciprocal deliveries of products must provide for their exportation or importation only with the permission of competent organs of both governments.

Article 9

The Parties agreed to keep one another informed on the course of fulfillment of the present agreement.

Article 10

The Parties deem it necessary to examine and approve for the coming year the volume and structure of interpublic deliveries annually at an agreed-upon time with due regard to the five-year period ahead.

Article 11

The Parties are resolved to recognize the fact that addenda and amendments formalized in a protocol to be signed by representatives of the Parties may be incorporated in the present agreement while it is in effect.

Controversial issues arising in the course of the execution of the present agreement shall be resolved by the Parties through negotiations within the framework of a bilateral government commission.

Article 12

The present agreement shall be in effect from the day of its signing and shall remain in effect until one of the Parties announces its desire to amend or terminate the action of the present agreement 3 months prior to the end of the current calendar year.

PRICES, BUDGET, FINANCES**Azerbaijan Trade Minister on Implementation of Free Prices**

*914A0245A Bakur BAKINSKIY RABOCHIY in Russian
29 Nov 90 p 2*

[Interview with A.Ya. Bagirov, Azerbaijan SSR minister of trade, by AZERINFORM correspondent: "Free Prices: What Will They Give Us?"]

[Text] As was already reported, the Azerbaijan SSR [Soviet Socialist Republic] Council of Ministers has halted the introduction of free prices on the territory of the republic for luxury items and a number of goods that do not exert a significant influence on the standard of living of the population. Commenting on this decision of the republic government (see the republic newspapers for 21 November), Azerbaijan SSR Minister of Trade A.Ya. Bagirov reported to an AZERINFORM correspondent that the pause was necessary to study the question of the extent to which the implementation of the corresponding decision of the USSR Council of Ministers responds to the interests of the republic. But, as time has shown, delay is fraught with extremely negative consequences. At its meeting on 27 November the Azerbaijan SSR Council of Ministers Presidium was inclined to think it necessary to put the free price mechanism to work, and the sooner the better.

[AZERINFORM] What dictated this?

[Bagirov] As I already noted in the preceding conversation, the decree of the USSR Council of Ministers was adopted without preliminary work on the issue with the republic, without divulging the entire mechanism for its operation, and without taking the interests of the republic into account. The Azerbaijan government reacted to this by halting its effect, thus expressing its position. The same attitude toward the decree, as we know, was expressed by the Russian Soviet Federated Socialist Republic, Moldova, the Ukraine, Kazakhstan, and others.

The situation that had developed in the country was the subject of special discussion in the USSR Supreme Soviet, which instructed the Union government to analyze the state of affairs in a week, to take measures, and to inform the supreme organ of power.

The time that has passed since 15 November has given us the opportunity to analyze the situation that had developed so that we could make a final decision. At the present time the majority of Union republics with which we have close economic ties have adopted a new price-setting policy. The trade organizations of the republic are receiving hundreds of telegrams from suppliers from other cities asking that we make changes related to the transition to free prices in the agreements that have been concluded. Thus we have to choose: either reject the goods and thereby exacerbate the situation in the republic's consumer market or agree to the new conditions. If we refuse to receive goods at the contractual prices, in December of this year alone the republic will fail to receive a total of 300 million rubles' worth of goods from foreign suppliers. And even during the past 10 days we in the Ministry of Trade have lost six million rubles' worth of circulation for just eight kinds of goods. The republic budget has failed to receive hundreds of thousands of rubles. One must also take into account the losses sustained by the enterprises that manufactured the products on the list given by the USSR Council of Ministers in our republic, who continue to dispatch goods to their consumers in other regions at the former prices.

Thus by not accepting the new prices we are setting up a program for complete destabilization of our republic's economy, and today it is already experiencing considerable difficulties because of the destroyed economic ties: For we still have to finish the conclusion of a large share of the agreements for 1991!

All these arguments were brought to the attention of the Presidium of the republic Council of Ministers.

[AZERINFORM] But I recall that you said that the transition to free prices should be prepared for by an entire complex of the corresponding measures.

[Bagirov] They will probably have to be worked out, as it were, on the run—there is no other solution. We cannot allow our enterprises to operate at a loss, which will inevitably entail a mass of negative social consequences. Prices are a powerful lever for influencing production. And, finally, it must be recognized that the decreases in the costs of goods in our republic is a bluff: production outlays cannot be covered with these prices. And this is leading both to a budget shortage and to a reduction of the standard of living of the population as a whole, for this directly affects earnings and the implementation of the social programs of the enterprises. Contractual prices in this sense must exert their beneficial influence.

[AZERINFORM] Thus by raising prices we are proposing to create incentives for highly productive labor and, as a result, saturation of the market. But where is the guarantee

that the enterprises, wanting to maintain high prices, will not decide to artificially retard the growth volumes?

[Bagirov] In the first place, free prices are not established for everything. For necessities such as bread, meat, milk, butter, sugar, sunflower oil, and a number of industrial goods, firm fixed retail prices will be established at the Union level. The center also retains the right to establish fixed prices for products of enterprises which hold monopolies and other kinds of products that maintain the subsistence level of living. But in places where there is a field for competition, prices will not remain the same for long: those who want more money, whether they like it or not, will be forced to reduce prices when they reach a certain level of productivity. That is, the market itself will regulate these processes. And the state will render support to the socially unprotected segments of the population—large families, pensioners, ill people, and so forth. Our primary task is to guarantee that the population is provided with the necessities.

[AZERINFORM] When can we expect the prices to start dropping?

[Bagirov] I would like to hope that it will be soon, but I do not think it will be. This is a slow process, and we have not even entered into market relations yet—we are merely on the threshold of the market. But a great deal, of course, will depend on how quickly we react to any qualitative change in the situation in the consumer market.

Latvian Economists on 'White Money' as Prototype Currency

914A0210A Riga SOVETSKAYA MOLODEZH
in Russian 30 Nov 90 p 2

[Interview with Gints Marga and Georgiy Dragilev by LETA correspondent Ayya Shipchinska: "'White Money'—a Prototype Republic Currency?"]

[Text] Many republics have to plan their budgets with considerable deficits. The emission of currency increases rapidly. What are we to do—await the implementation of a reform of the ruble, integrate into the monetary system of the Soviet Union, or introduce the lat immediately?

Economists Janis Broze, Georgiy Dragilev, Gints Marga, and Vyacheslav Mishin developed their own concept of introducing a new means of payment, "white money." The government entrusted a working group with developing a draft of the actual introduction of "white money." A LETA correspondent asked the authors of the concept, Gints Marga and Georgiy Dragilev, to discuss why the introduction of "white money" is necessary.

[Marga, Dragilev] It is naive to hope that we will be able to reorganize the national economy of the republic by using the ruble. We need a monetary system of our own. Different scenarios of switching to a republic currency exist. Some maintain that the lat should be introduced immediately. Others say that the national economy should be reinvigorated first, and a currency should be given some thought later.

We believe that the immediate introduction of the lat may cause unfavorable economic and political consequences. In the environment of an economic crisis, the lat will differ little from the inflation-plagued ruble because monetary circulation reflects the economic situation as a whole. Under the circumstances, the lat will merely hamper economic settlements with our partners in the East; a nonconvertible currency will have to be exchanged into a nonconvertible regional means of payment. The lat will be discredited. However, we do not see a realistic opportunity to invigorate the national economy by using the inflation-plagued ruble either.

It is impossible to ensure sovereign development under market conditions and switch to our own monetary system without first accomplishing the strategically significant tasks of a period of transition, first of all without ensuring the guaranteed acquisition of a subsistence minimum of goods by the inhabitants of Latvia.

At present, consumer staples are distributed by means of coupons here. This is a way to nowhere. We intend to switch to market relations; meanwhile, we are forced to resort to extraordinary administrative measures that nip such relations in the bud. A coupon escalation is taking place. As soon as we introduce coupons for one type of goods, similar goods disappear in a chain reaction (for example, when soap disappeared from the shelves of stores detergents and shampoos were gone). We are inexorably drawing closer to rationing. You cannot put a fire out with gasoline, despite the fact that it is moist. If we switch to rationing completely it will be even more difficult to introduce the lat.

We propose a different extraordinary way of salvation that is more in tune with market mechanisms—the introduction of a consumer-market certificate. We want to issue an amount of surrogate money ("white money") that will be commensurate with the "basket" of consumer goods in Latvia. It is envisaged that the supply of "white money" should be 10 to 15 percent smaller than the amount of consumer staples sold in return for them. In this manner, we will ensure a better guaranteed supply of the staples and will defend ourselves against the inflation of "white money" if someone attempts to accumulate it.

[SOVETSKAYA MOLODEZH] Therefore, this money will become a universal coupon to a certain degree because it is backed up by the staples?

[Marga, Dragilev] There is a difference in principle between coupons for goods and "white money." A coupon only makes it possible for you to acquire a particular kind of goods. In this case, you do not have a choice. You can only buy macaroni with a "macaroni" coupon. As a rule, rural residents have a surplus of this product whereas urbanites lack it. Unnecessary stocks of foodstuffs are created due to a failure to comply with the structure of consumption. The coupon system not only destroys the consumer market but also promotes the development of the shadow economy and corruption. Speculation in coupons appears, and situations develop

when the coupons are available but the goods in the stores are not. It is clear that in the environment of a comprehensive shortage these are very painful phenomena.

[SOVETSKAYA MOLODEZH] What will the introduction of "white money" result in?

[Marga, Dragilev] Due to "white money" (that is, surrogate money) everybody will be able to purchase an assortment of goods he is used to, to be sure, within the framework of the subsistence minimum. On the average, the consumption of goods will be the same, but there will be a choice depending on individual needs.

[SOVETSKAYA MOLODEZH] Therefore, some of the wages will be paid to the populace in "white money"?

[Marga, Dragilev] This segment will correspond to the officially established subsistence minimum and will range depending on one's affiliation with a particular social group, i.e., being a retiree, student, single, and so on. It is important to note that "white money" has been designed only for purchasing the consumer staples—you will not be able to buy a TV set or repair a car with it. Likewise, the accumulation of this money is not envisaged either. It is simply impossible to save up a large amount of it because "white money" only enables one to acquire the bare necessities. No matter how hard it is, we should realize that the incomes of most of the populace of Latvia do not at all exceed the level of subsistence minimum.

[SOVETSKAYA MOLODEZH] What is to be done if your income does not exceed the level of subsistence minimum, that is, if your entire salary is paid in "white money," but you would like to buy something that is not on the list of consumer staples?

[Marga, Dragilev] We have also considered this possibility. It is necessary to set up a subexchange in which it will be possible to exchange "white money" into rubles at a floating official rate. However, we think that this money will not appear in the exchange in large quantities because it will be more advantageous for the populace receiving a minimum of "white money" to spend it in the environment of universal shortages.

[SOVETSKAYA MOLODEZH] What does a floating official rate mean?

[Marga, Dragilev] It is floating because, unlike the ruble, it will be determined by the exchange. It is official because there will be daily official communiques on rate changes.

[SOVETSKAYA MOLODEZH] Is "white money" a step toward a republic currency?

[Marga, Dragilev] The evolution of its functions will depend on the condition of the consumer market. If it deteriorates and the government is unable to furnish the goods for this minimal amount to the populace less "white money" will be issued next month. Therefore, "white money" will always be covered. If the condition

of the consumer market improves, which is what all of us hope for, an increasing segment of wages will be paid in "white money," and it will be possible to acquire an increasing assortment of goods for them, until it will become possible to pay the entire salary in "white money." Under the circumstances, we could use this money for noncash settlements, as well as a means of accumulation. Real money, a freely convertible currency, will become the third stage of development. Only at this stage will we be able to call "white money" the lat.

[SOVETSKAYA MOLODEZH] What will induce producers to sell their products for "white money?"

[Marga, Dragilev] Producers who fill state orders and produce consumer staples will be given a number of preferences; there will also be incentives for trade in these goods. However, I would like to stress that "white money" is not a cure-all for all troubles. Attempts to invigorate the economy with the help of monetary circulation alone, to cure money by money will not produce the expected result. The deformed structure of the economy, mismanagement, and universal shortages are the reasons for the demise of the system of monetary circulation. Even if we were to introduce US dollars as the means of payment in Latvia at present, this would hardly prop up our economy.

[SOVETSKAYA MOLODEZH] Are you not afraid that it will be possible to counterfeit "white money?" Where is it expected to be printed?

[Marga, Dragilev] There is no money in the world that cannot be counterfeited. "White money" has a very short circulation cycle—it should come back within a month. Therefore, there will be no counterfeiting of this currency, given good control. It is extremely important under our circumstances because we should beware of counterfeiting of this money not only by individuals but also by the state entities of our neighbors (for political reasons). This is why printing facilities should be at our disposal. We should have an opportunity to change the color of bills within short periods of time, on a monthly basis, if need be, and so on. "White money" should be printed in Latvia!

[SOVETSKAYA MOLODEZH] Why did you call it "white money" rather than "green" or "blue?"

[Marga, Dragilev] As we perceive it, white means something pure. "White money" is the opposite of the black market.

Lithuania Anticipates Inflation, Budget Deficit in 1991

914A0226A Moscow TRUD in Russian 19 Dec 90 p 1

[Article by G. Konchus: "A Price Leap Is Planned"]

[Text] Deputies of the Supreme Council of Lithuania have begun discussing the republic's 1991 budget.

There are two main novelties in it. The first one is: In keeping with the concept of an independent state, the

budget is also formed independently, without contributions to the USSR budget and without proceeds from it. Nonetheless, there is going to be a deficit in it. The second novelty: The budget does not provide for subsidies to residents for buying dairy and meat products, vegetables, and so on, for which about 1.2 billion rubles will be spent this year alone. This means that from the beginning of the year prices for not only manufactured goods and services but also for foodstuffs will increase abruptly in Lithuania (according to other information, this may happen a week or two later).

It is expected that as a result of the introduction of market prices, inflation may come to between 300 and 400 percent in the next several months. At the same time, the law on compensating the incomes of the populace will take effect on 1 January. It is planned to increase wages, retirement benefits, scholarships, and allowances accordingly, in keeping with the rate of inflation.

Proposed Reorganization of Latvian Tax System Deployed

914A0226B Riga ATMODA in Russian 5 Nov 90 p 3

[Article by Yu. Payders: "Taxes Expected in Latvia (Reflections on the Plan for the Latin Americanization of Latvia)"]

[Text] Last week, the Latvian public discussed the tax system of Latvia enthusiastically. Without claiming to have analyzed this draft law fully, I will share my reflections on the future awaiting Latvia in conjunction with a new tax policy. This year, Latvia was a tax paradise of sorts. There was a favorable policy with regard to cooperatives and the lowest income taxes on the populace. Latvia was the only republic to give up the progressive rate of taxation. However, it is very likely that from the new year on, taxes in Latvia will be the same as in some places in the West... There will be 16 types of taxes... There will be firm and stable rates of progressive taxes.

Taxes may soon be like those in Europe, and the banking system may even be better than in most of Asia. The taxpayer will suffer. The finance administration will take in the taxes and the fines. At the same time, it is unknown when the structure of banks is going to be modified so that the people will have normal conditions for the payment of taxes.

Income Taxes on the Populace

A progressive tax is envisaged in the draft law submitted by the state. Therefore, if monthly wages do not exceed 2,500 rubles [R], the rate of tax will gradually increase from zero to 45 percent (in another variant, to 35 percent). At present, this rate will reduce real incomes of primarily deputies, ministers, lawyers, middle- and high-level managers and economists, and individual talented artists, journalists, and writers. If this structure is preserved for a long period of time, this will promote the

migration of representatives of precisely these professions from Latvia. It will be more advantageous for Latvian artists to paint and sell their works on someone else's land. In turn, production personnel who conclude with a gloating smile that the progressive rate of taxes will only affect those "who rake the money in" are also in error. Several years will go by. Inflation will entail an increase in wages, and skilled workers will likewise pay 25 to 30 percent of their wages in taxes.

During inflation, this tax system guarantees a real decline in the incomes of the populace even in the event economic production increases slightly.

Here is a simple example. At present, a skilled worker makes R500 a month. His take-home pay is R439.80, and taxes on wages are R60.20. Let us assume that the inflation of the ruble over two years will amount to 100 percent, and the government will fairly resolve to raise his wages 100 percent. The new salary of the same worker will be R1,000, taking inflation into account. In this case, the worker, should receive R439.80 times two, that is R879.6. However, because of the progressive rate of tax, the worker's take-home pay will be R855.80 (taxes on sums over R900 amount to 20 percent). As a result, his real income will drop by three percent, even with a fair compensation for inflation. The conclusion is: It is necessary to give up progressive tax rates, or else they should be flexible, and a minimum should be tax-free; it is also necessary to increase the brackets of progressive tax rates proportionately to the rate of inflation. In this case, it is necessary to revise the range of brackets of progressive rates of taxation every half-year or year (similar to Western countries).

In turn, speculating on the stock exchange as soon as it is created will be the most advantageous way to make money in a future Latvia, based on the draft laws as a whole. Income tax will be levied on dividends from shares, but not on proceeds from the sale of shares. Only the tax on working capital, that is, 0.5 percent of the amount of sale, will have to be paid on the sale of shares. For example, you buy 1,000 shares at R1,000 each, and if a good dividend is expected on your shares, and the shares appreciate to, say, R1,500 apiece, you will pay R7,500 in taxes on working capital after selling them. There will be no further problems, and you may easily put the net profits of almost R500,000 to work. The government does not plan to levy income tax on this money.

Indirect Taxes

The government is kind: It does not levy taxes on very small wages (under R100). However, low-paid employees, do not think that you will be able to not pay taxes! You will pay, and how! You will pay taxes which you cannot see with your eyes—indirect taxes. For example, out of the R10 paid for shoes, taxes to the state will account for R4, and R6 will include the cost of the footwear, the profit of the entrepreneur from the production of footwear, the profit tax on the entrepreneur, as well as commercial expenditures, profits of the seller and

the profit tax on the seller. I suspect that under such circumstances the shoes are not going to cost R10. After such a law is adopted, the customer will go on cursing producers for high prices, whereas the main culprit—taxes proposed by our own government—will be spared criticism. Out of the amount paid for a TV set, the turnover tax alone will account for 60 percent, and of the amount paid for a dirty patty in a cafeteria at a railway terminal—10 percent, and so on. All enterprises are equal, but the Council of Ministers will make some of them even more equal.

Endless excuses for ruling out the possibility for individual legal and private persons not to pay taxes, if this affects the interests of state, are bewildering. Such possibilities are set forth in, for example, Part 2, Article 7 of the draft law: "On the Tax on the Consumption Fund of Enterprises," or in the last part of Articles 7 and 6 of the draft law: "On the Investment Tax and the Tax of Working Capital." It is interesting why the laws should be adopted at all if exceptions are specified in advance.

Under the circumstances, all enterprises will have two options. One of them is to pay taxes honestly, and the other is to find out on which officials in the ministry the granting of the "exceptional" status depends. Undoubtedly, the second option will be more advantageous economically, but it will pave the way for unbridled corruption in and around the structures of power.

If a law requires exceptions, such a law is not necessary, or else it is necessary to indicate precisely under what circumstances, on what conditions, and what specifically may be an exception. In any event, the right to make exceptions to the law should belong to the legislature rather than the apparatus of executive power.

Will the Working People of Latvia be Happy Making No More Than R400 a Month?

The draft law: "On the Tax on the Consumption Fund of Enterprises" sets forth the most peculiar norms.

The ceiling for the working people of Latvia for 1991 is R400 a month on the average per employee, regardless of whether we are talking about a kabob stand, a company of artists, or the inventor center. If they spend a mere kopek more than that for wages, bonuses, interest-free loans, social grants, recreation, and so on, they will have to fork over R2 to the state coffers for every overspent ruble. So much for market relations! You may work 25 hours a day but you will still not make more money than a minister. Small companies, whose employees have been getting by without low-paid employees and where the average wage is higher than the ceiling even this year will suffer because of this law.

This law will force enterprises to conceal cash monetary income and set up black cash stocks (a favorable environment for racketeers), or else hire a considerable number of students and retirees for symbolic wages in order to keep the average wage under R400 a month. For example, if in 1990 the average wage of an employee was R750 a month, and it is desirable to maintain wages at

the same level in 1991, the enterprise will need to pay a tax of R700 per month for every employee. It is more advantageous to hire one non-working person for every person actually working, and to pay the former R50 a month for being on the payroll. In this case, a tax on the consumption fund will not have to be paid.

A social stratum will be formed in Latvia whose only job will be to remain on the payroll and to receive for this a payment, albeit a small one. The adoption of this law will legalize parasitism and will undermine the desire to work.

The Investment Tax

In its turn, the investment tax is conceived so as to shift construction work from Riga to Latgale and other less-developed areas. This draft law provides that before the construction of something is begun some of the cost of the structure planned by the enterprise should be paid to the state or local budget in the form of an investment tax. In Riga, virtually the entire cost of a facility will have to be paid before it is built, and only after that will an entrepreneur be able to begin spending money on construction work. In reality, this means that commercial and plant infrastructure will be frozen to that which already exists.

Considerable funds will be necessary in order to initiate something new. It will be impossible to accumulate them legally because wages will be R400 per month. Companies and cooperatives which have already accumulated capital and funds in order to pay the investment tax and finance construction are interested in this law. There will not be competition from below for the existing cooperatives and state enterprises. To start something up, a young businessman will have to go to an executive power official and, bowing low to him, ask him to allocate premises. What premises the upstart entrepreneur will be shown will depend on the whims of the official, on his political and ethnic views, on whether he has a headache, and, perhaps, on "financial support for the family budget of the official himself."

Consequences of Adopting the Package of Laws

- The black market and the shadow economy will not emerge from underground. It will be plain disadvantageous given such taxes. Moreover, some enterprises will be forced by taxes to retire back into the underground. This does not frighten the entrepreneurs because they have much experience working under such conditions (the period of Soviet power). In turn, the government will need to increase funding to finance repressive organs for detecting and punishing tax evaders.
- Common citizens will not be able to engage in entrepreneurial activities; for this reason, the current cooperatives will not have competition from below.
- All economic activities will remain under the control of government officials, thus maintaining a favorable environment for corruption.
- For their part, exceptions in the article of law will make it possible to pronounce any venture legal.

- There will be no foreign investment. Tax on working capital—30 percent, to say nothing of profit and indirect (28 percent) taxes—will have to be paid in order to export capital. It will be more advantageous for Western investors to invest their money in other regions of the world. Contributions may only be made by nonprofit charitable foundations.

The entire burden of taxes will rest of the shoulders of common consumers due to excise taxes and the consumption tax.

A Generalization

If our parliament adopts the aforementioned draft laws in this form the future of Latvia, patterned after Latin America, will be the future of a banana republic: Socialism without a plan, and a market economy without a market. These laws might be fitting for a rich or affluent country, the main task of which is to choke off excessive commercial activity. However, Latvia is still far away from a market economy. Taxes should be such that it will be advantageous to work honestly, and that creative energies will be applied to productive activities rather than a search for ways to circumvent the laws adopted.

Uzbek Finance Minister on 1991 Budget

914A0211A Tashkent PRAVDA VOSTOKA in Russian
3 Nov 90 p 2

[Text of speech by Uzbek SSR Finance Minister I. I. Mamatisayev at the 3rd session of the 12th convocation of the Uzbek SSR Supreme Soviet; "On Basic Parameters for the Republic's 1991 Budget"]

[Text] Comrade deputies!

In the last few years I have not had the occasion to present such an unusual, involved, and extraordinarily crucial report as this on the basic directions for shaping Uzbekistan's budget.

Many of you might naturally wonder why we are examining its basic parameters rather than the republic's budget itself.

This can be explained by the following reasons:

- first, the general political instability in the country and the continued lack of a Union Treaty;
- second, the absence of any real precision in the formation of the union budget and the vagueness of the subventions or subsidies proposed for the budget of Uzbekistan;
- third, the drastic fall compared with the current year in the budget's income as a result of the passage of the USSR Law on Taxation, while the Uzbek SSR Supreme Soviet has not yet passed corresponding laws on new taxes for forming the republic's budget;
- fourth, the intensification of the problem of balancing the budget in connection with the introduction of new prices and other circumstances.

If in the last five years the annual growth in the budget has averaged seven percent, then for the year 1991 being planned we are setting a goal of increasing this indicator over the current year by 70 percent, that is, the pace has been accelerated by a factor of 10.

The sharp growth outlined for the republic's budget is conditioned, first of all, by the growth in budget expenditures, above all, the increase in the funds allocated for sociocultural purposes, salary increases for workers in education, health care, science, and culture, as well increased outlays for food, medicine, equipment, capital and repairs; secondly, by the need to resolve several social issues in accordance with the decrees of the republic's president; thirdly, by the fact that for the purposes of increasing the profitability of agricultural production, the union government has raised purchase prices for agricultural output. In this regard, to compensate for the difference in prices for meat, milk, grain, and other output produced in the republic, as well as that purchased beyond its borders, it will take allocating seven billion rubles from the budget.

This is equal to nearly one third of budget expenditures calculated for the coming year.

For example, if for each kilogram of meat production yielded by the kolkhozes and sovkhozes in 1990 the average compensation was 2.31, then now it takes on average 7.96 rubles, and for dairy production 74 kopeks instead of 30. Price differences for bread, sugar, and several other consumer goods will also be paid out of the budget.

The tension in our financial situation is also due to the fact that increasing wholesale prices for certain types of industrial goods leads to a decrease in income from the turnover tax to the republic's budget of two billion rubles. The new rules for taxes on profit for several enterprises is also contributing to the decrease in budget income. For example, if in the current year the share of profit going to the republic's budget was 45-46 percent, then in the year being planned, taking into account the privileges offered, it is 21 percent.

Under these conditions, balancing income and expenses for the budgets of the republic and the local soviets turns out to be even more complicated.

Economic tension and the resultant budget deficit are causing negative phenomena and creating the danger of a price rises in the future.

Therefore, eliminating the budget deficit is one of the most fundamental and important tasks facing the republic. Of paramount importance in resolving this problem is improving the economy's efficiency, facilitating the growth of profitability, and increasing financial resources.

To do this, it is essential, first of all, that enterprises, organizations, kolkhozes, and sovkhozes involved in material production organize their own activities at the

level of modern demands and fulfill and overfulfill their plans for profit (income) and payments to the republic and local budgets.

Secondly, one other measure for curtailing the budget deficit is the introduction of new taxes. We know that many countries in this situation stress taxes exacted from the population.

But taking into account present-day social conditions and the standard of living of Uzbekistan's population, raising taxes from the population would be unacceptable.

For the purpose of strengthening the budget's income base, the Uzbekistan Finance Ministry envisages introducing new taxes on the resources being created in the material production of the branches of the republic's economy. What kinds of taxes are they?

Envisaged is the assessment of taxes on resources and production taken outside the borders of the republic: cotton fiber, silk, wool, astrakhan, cocoons, kapron, gas, gold, silver, copper, zinc, canned fruits and vegetables, dried fruits, melons, vegetables, grapes, and other produce. Also a land tax, a tax on exported and imported goods, a tax on renovation, as well as a tax on owners of means of transportation at new rates.

Workers in the republic's Finance Ministry are busy elaborating the application of these new taxes. We have written two draft versions of the new tax law, and the rest we'll finish up in the next few days and present to the Supreme Soviet for examination at the next session.

In the speech of the republic's president, just words were spoken about our cotton. Indeed, cotton must remain our basic wealth.

Judging from our calculations, made in conjunction with specialists in agriculture, 66 percent of labor costs, starting with the sowing of the cotton plant through the production of finished cotton fabric, are paid by Uzbekistan. This means, in juridical language, that we have the right to 66 percent of the income created on other territories of the union out of cotton fiber exported from our republic.

Therefore we feel that in making up shortfalls in our budget and eliminating the budget deficit, the decisive role must be played in the main by taxes coming from our cotton, silk, and useful minerals.

Moreover, an increase is envisaged in the income part of the budget at the expense of income received from the privatization of state property.

Based on these considerations, we are directing our attention to the basic parameters for the 1991 republic budget.

Through the declaration on the sovereignty of the Uzbek SSR passed at the 2nd session of the Uzbek SSR Supreme Soviet, these parameters are based on the conduct of an independent tax policy, the disposal of all income produced on the territory of the republic, and the

elaboration and confirmation of a budget of its own ensuring complete independence.

In elaborating the basic parameters, special attention was paid to defining the tasks at each level of administration and delimiting authorities.

At the same time, this will fix the circle of questions considered the competence of the union, republic, autonomous, and oblast soviets. The budget planning process has changed, as has tax policy. In calculating taxes from the profit of enterprises, regardless of subordination, a rate of 45 percent is being set.

Unlike all-union laws, income coming to the republic budget from profit is determined at 45 percent instead of 23. In addition, the turnover tax is envisaged at a rate of 100 percent instead of 70.

All economic subjects located on the territory of the republic, regardless of subordination or form of property, are obligated to pay taxes and other payments to the republic budget and the budgets of the Karakalpakska ASSR and the local soviets.

Strict economy has become an essential condition for the expenditure of budget means. Now all unprofitable enterprises, other than communal farms, will stop getting a subsidy.

In connection with the change in the functions of the organs of state administration with the transition to market relations, budget expenditures to maintain those organs will come to an end.

Approaches to determining sources of financing for capital investment in the economy are changing.

As you know, for the last four years, all branches of the economy have been operating on the principles of complete cost-accounting and self-financing. The financial results have not been bad.

Balances of funds for economic stimulation in these years have doubled. And in individual branches this index is even higher.

For example, just in the last three years the balances of special funds in Goskoopkomselkhoz [State Agricultural Cooperative Committee] have more than doubled and amount to 1.5 billion rubles; in the Uzbekistan Ministry of Light Industry this growth has been equal to a factor of 1.5.

Many branches have funds left over in the course of the year. Considering these financial opportunities, each enterprise or organization must spend its own funds for capital construction. Moreover, as a source of financing for capital construction, the plan is to utilize funds received from the sale of incomplete structures, goods-material assets, and supplies of undesignated equipment.

Uzbekistan's Finance Ministry has given the local soviets standards for the deductions outlined for them from all-state taxes and income for the elaboration of their own budgets.

Taxes accruing to the budgets of the Karakalpakska ASSR, the oblasts, and the city of Tashkent from locally subordinated farms, as well as those exacted from cooperatives and from the population, remain wholly in the budget of the local soviets.

It is planned to transfer expenditures to cover the differences in prices for agricultural consumption to the budgets of the local soviets.

Local soviets have the right, within the limit of earned funds, to increase expenditures for maintaining sociocultural institutions and for raising the guaranteed level of social well-being. Local soviets are now drawing up their own budgets independently, confirming them, and ensuring their implementation.

According to the budget parameters, the republic budget is expected to increase by 15-20 percent in comparison with 1990. Judging by our calculations, in 1991 the budgets of the Karakalpakska ASSR and the local soviets could grow by a factor of 1.5-1.7 over 1990.

I want to dwell on one more problem.

The projected income for the republic and local budgets cannot fully satisfy the republic's requirements for funds. In connection with this, the government of the republic is raising with the union organs the issue of allocating 4.5-5 billion rubles from the union budget to create initial conditions for the transition to market relations.

The proposed draft of parameters for the republic's 1991 budget still does not resolve many accumulated problems, quite a few of which have accrued to the republic up to the present. In order to resolve each of these problems we need significant financial resources.

Today everyone well understands, or at least ought to know, that there is no easy way out of the state of financial tension. Consequently, any resolutions on increasing expenditures must be backed up by additional income from increased industrial production and services rendered to the population, and in increased production efficiency in general.

However, a thorough evaluation of the economic situation for the year just past testifies to the fact that, despite certain positive advances in several branches, in general the situation remains extremely complicated. Some negative processes in the development of the republic's economy have become even more entrenched. All this has a negative influence on any undertakings to restore financial health in all respects.

Nearly one in six industrial enterprises in the current year is not fulfilling the plan for financial results; 440 enterprises, associations, and organizations are operating at a loss.

Despite numerous instructions from the republic's government, the ministries and departments are not manifesting the necessary initiatives for reprofiling such

enterprises transferring them to collective and cooperative leasing. There has, however, been some positive experience in this respect in the republic.

This situation in the economy has a negative influence on implementing the republic's budget.

As before, Uzbekistan's Ministry of Light Industry finds itself among several ministries not fulfilling the plan for the turnover tax.

In addition, eight ministries and departments have not provided for 42 million rubles for the plan of payments to the budget out of profit. These include the Ministry of Light Industry, the Ministry of Assembly and Special Construction Works, and the Ministry of the Building Materials Industry.

The financial situation that has come about in the republic necessitates the seeking of additional financial resources and the transfer to a budget of strict economy in the expenditure of funds.

Right now everything depends on the degree to which each labor collective, beginning with the rank-and-file worker up to the leader of any rank, experiences profound concern for the end results of their labor, the utmost improvement in production efficiency, and the economic disposition of funds allocated from the budget.

Raising the efficiency of the economy and thereby receiving greater profit—herein lies the sole route to improving our life.

All critical comments and proposals of the deputies expressed at the 9th session of the 2nd convocation of the Uzbek SSR Supreme Soviet on the 1989 budget, as well as recommendations of the Planning and Budget Commission as well as the permanent commissions of the republic's Supreme Soviet for the economy's recovery and ensuring the fulfillment of budget income and expenditures have been passed on to the leadership for discharge.

Results from the implementation of the republic's 1989 budget showed that despite the difficulties present, definite advances were achieved in the republic's economy.

The Uzbek SSR state budget for 1989 was fulfilled for all basic sources of income for a total amount of 12,014.9 million rubles, or by 102.4 percent, 260.2 million rubles having been mobilized beyond the plan.

Fulfillment of the income for the Karakalpakska ASSR state budget, the local budgets of all the oblasts, the city of Tashkent, and the simultaneous financing of all tasks and undertakings envisaged by the plan and budget has been assured.

In the capacity of measures passed to improve the state of Uzbekistan's economy according to the decisions of the republic's government, beyond the sums envisaged by the plan and budget, at the expense of free balances in budget means for the republic budget, supplementary allocations have been made to ministries, departments,

and obispolkoms of the republic to make up for shortages in their own circulating funds, to improve calculations in capital construction, to strengthen the material-technical base of sociocultural institutions, to carry out undertakings connected with the well-being of inhabited localities and improving services to the population, as well as for other essential undertakings for a total of 285.9 million rubles, 189.9 million rubles have been directed to local budgets for analogous purposes.

The issues laid out here, and others, have facilitated the improvement of the financial state in the branches of the economy.

At the same time, though, several ministries and departments of the republic have failed to fulfill their own obligations before the budget by significant amounts.

The expenditure portion of the Uzbek SSR State Budget for 1989 was filled by 11,536.2 million rubles, or by comparison with the plan detailed, by 98.4 percent. Moreover, in comparison with the indicators confirmed at the session of the Supreme Soviet, expenditures increased by 15.3 percent, or by 1,532.3 million rubles.

Overall, state budget income exceeded expenditures by 478.7 million rubles. Of this, 359.8 million rubles, or 75.2 percent, goes to local budgets.

These funds in the current year have made it possible to conduct additional undertakings to raise the population's standard of living.

The draft resolution on implementing the 1989 budget has been distributed to you, comrade deputies. I ask you to examine and confirm it.

Estonian SUPSOV Discusses 1991 Budget, Union Tax

*914A0211B Tallinn SOVETSKAYA ESTONIYA
in Russian 24 Nov 90 p 1*

[Report by the press service of the Estonian Republic's Supreme Soviet, the ETA, on the 22 November session of the Presidium of the Supreme Soviet of the Estonian Republic: "What Will Become of Estonia's Economy?"]

[Text] On 22 November, the session of the Presidium of the Supreme Soviet of the Estonian Republic, chaired by Supreme Council Chairman A. Ryuytel, mostly discussed the issue of what will become of Estonia's economy. A republic government report was heard: "On the Economy of the Estonian Republic in 1991" (a prognosis and initial positions for the government's activities). The speaker, Economics Minister Ya. Leymann, admitted that right now we know less about the market economy than a year ago, inasmuch as life raises one problem after another. At best, the economy in 1991 will stay at the level of the current year, but we might face enduring its further decline.

According to the draft budget, Finance Minister R. Miller reported, there should be enough money to cover planned expenses. But only in the event that the

economy functions more or less satisfactorily. It is likely that we will have to tighten our belts or else contemplate increasing the tax burden. Especially since the issue of a union tax for 1991 is still open. Information exists to the effect that they want to get 500 million rubles from Estonia. If we refuse to pay this sum, the money will be taken away anyhow through increased prices for goods brought in, as this year's experience has shown.

The Presidium has decided to present the draft law of the Estonian Republic on the 1991 budget and the government report to the Supreme Soviet. At the same time it was stressed that the ministries of economics and of

finance must continue their search for opportunities to economize on money, raw materials, energy, and so on.

P. Kask proposed three bills. He himself is the author of two of them: "On the Supreme Council of the Estonian Republic" and "The Law of the Estonian Republic on Elections to the State Duma." The Legal Commission and other commissions of the Supreme Soviet were instructed to present their responses to these drafts by 14 December.

The Presidium listened to information on the state of the Murastesky Children's Home.

REGIONAL DEVELOPMENT

Head of Russian Peasant Party Interviewed

91UN0201A Kiev MOLOD UKRAYINY in Ukrainian
25 Oct 90 p 1,2

[Interview with Yuriy Chernychenko, people's deputy of the USSR, publicist and writer, by Vitaliy Korniyenko, MOLOD UKRAYINY correspondent, Moscow: "Party of the Peasant House"]

[Text] There is no need to introduce Yuriy Chernychenko to the readers, especially to those for whom the difficult life of our peasants is more than just a distant abstraction. But those for whom it is an abstraction are decreasing in number, even in the "prestigious" megalopolis, because of the ungathered harvest, the empty shelves in bread stores. Hard-working peasant boys, resentful of life and society, are prevented from being masters on their own land, and, instead, become hired workers in the cities to which they manage to move. These facts and others compel us to grasp the obvious truth: so long as the village remain in ruins and disgrace, we will not find our way out of the abyss. Recently, the establishment of a party of "free labor on free land," the Peasant Party of Russia (SPR), was announced in Moscow. The new political organization is headed by our guest.

[Chernychenko] The point of our activity is to defend the political and economic interests of the peasants, that is, owners. This is the party which defends the house, family and health of the peasant, his future well-being and ability to live at home free from fear. Why is this party so necessary? Because although we live in the country which sows more wheat, sugar beets and other crops than any other in the world, since 1918, when the Socialist-Revolutionary party was destroyed and then its members executed, there has been no political force representing the peasantry. The mythical unity of the hammer and sickle turned out, in fact, to be the hammer striking the sickle and the peasants attempting to stay behind the hammer, in order to be in a safe zone. The result has been artificial urbanization and escape from serfdom in the time-honored way. Only now people flee not into the steppe, but into the city.

If the Russian parliament passes a set of laws relating to the land and village farms, a political force will be needed to bring the laws into life. Because any law is just an engine, and without a party which acts as the "transmission," the "automobile" can burn gas, but it will never move.

When M.I. Travkin came to congratulate us and tell us about his Democratic Party of Russia, he said, "You fill an 'ecological niche' which so far has been empty, but cannot remain unoccupied. Nobody could ever confuse you with the 'union of collective farm heads' which calls itself the Peasants' Union."

That is a union of conservatism, which aims to save serfdom. And that is perfectly logical. For the burgomaster may be the most disinterested of burgomasters, but he is much more of a landlord than the Paris-educated and expensive-perfume-drenched Count Chernomytsev or Kochubey. The burgomaster has always been the boss and he will always be the boss; he will give everything for these "principles of rule."

We happen to be against the Peasants' Union, but we are for the collective farm system in the sense of the new laws of Russia, according to which collective farms are to be clusters of land parcels and means of production which are voluntarily joined together. These laws should be passed immediately. Thus, let us say I have 20 hectares of land: I can go at any time; at any time I can say "goodbye esteemed head," or something nastier than that. And in order to prevent that from happening, you will listen to me and be afraid that when the elections come around you will be criticized: "Why did I earn only four percent profit on my shares, when at the neighbouring farm they earned nine?" In the past, you were the "guard of the rayon party committee" and now you are the guard of my money. And I do not care which party you belong to, if you guarantee me that nine percent. But if you squeeze bread from the peasants, you are our opponent and we will not work for you.

That is the nature of our support for the collective farm system. For at present, collective farms are just miserable fragments of the "agroGULAG." A hair cannot fall from the head of a cow without a resolution of the rayon party committee. It is terrible to say, but the biggest landowner in the world is the Communist Party of the Soviet Union. The collective farm head does not refuse to give land because he himself is against it (although this creates competition), but because the rayon party committee does not allow it. There are 230 million hectares of arable land in the USSR and all of it, to the last hectare, belongs to the CPSU.

This is not something that has just happened recently. It occurred in 1918-19 and at the beginning of the NEP [New Economic Policy]. That is why our party is not the descendant of the Socialist-Revolutionaries. The Socialist-Revolutionaries propagated a populist attitude to the land, but for us, now, land is society's acquisition; it belongs to nobody. These beautiful phrases and romantic metaphors proved very convenient for Stalin: they were the railroad tracks leading to the hell of collectivization.

[MOLOD UKRAYINY] How easy was it for you, a delegate of the 28th Congress of the CPSU, to leave the Communist Party in order to head a new political organization?

[Chernychenko] The process has not yet been formalized. I left the founding convention of the Communist Party of the RSFSR and wrote a letter to I.K. Polozkov, in which I said that he is the most reactionary of all the political figures on the social horizon. As to being leader of the new party, I did not strive for this and will look for an opportunity, once I have done some useful work, to go

back to taking care of my immediate duties. I do not want to subject my party to the fire of criticism: "here is a writer dealing with peasant matters." It is just that at present the peasants do not have any deputy who is more or less competent in this type of political activity. That is why all of this has happened.

[MOLOD UKRAYINY] Undoubtedly, reformers have joined the new party.

[Chernychenko] No, ordinary peasants. Here is just one example: I have a friend, Yezhykov, from Yaroslavl. Quite a while ago he became "infected" with the idea of re-establishing the Romanov breed of sheep on the banks of the Volga. This is his passion, business, work, self-affirmation, love. But of course he came up against the powerful party obstacle, which decided that this Yezhykov, although he is still small and weak, must be leveled to the ground. Even though he had obtained permission from M.S. Gorbachev and been granted seven hectares of land, they ploughed up all those Volga meadows that fed his 200 sheep. And now Yezhykov is besieged. A person like that will harbor the rage of the worker, which is a reflection of the partocracy towards him. His desire is not to get rich, merely to survive. This type of person defends his family, his house, his property.

I have come to the conclusion, as a result of my experience, that the peasant is he who, in caring about his own family, feeds the country. If it works the opposite way, then we have the collective farm worker: morally naked, unshod in terms of ideas, a prostrated man. That is why we should not be surprised that so far, few collective farm workers are joining our party. But people who have gone through social selection, even if they went to the city, got an education, have an overwhelming desire to work independently.

Perhaps our party will have five thousand members, perhaps it will have a million. I think that even if there are five thousand, it will exist. But even if there are a million, we will not change a word of our program.

[MOLOD UKRAYINY] Peasant parties have already been established in several republics of the Union. How do you plan to establish relations with them?

[Chernychenko] After our founding convention, which is scheduled for the beginning of December, we will immediately start to establish contacts with peasant organizations. We will do this without any shadow of imperial inertia, simply in a human, friendly fashion. We have things to talk about: the general effort of the parliamentary battle, common voting in blocs of democratic parties, defense of the economic interests of the peasantry. The more freedom there is in Russia or in the Ukraine, the closer our parties will be to each other.

[MOLOD UKRAYINY] On the agenda at present is the passage of the market economic program, which is known as "Shatalin's plan." The Russian parliament has already passed it. Won't the "Shatalin therapy" hurt the interests of the peasants?

[Chernychenko] At present, the collective farm worker is not a legally and economically independent person. In market conditions, there can be no such thing as collective farm workers. The collective farm is something that is directed by Gosplan, the Agricultural Department of the Central Committee. And without Gosplan, it cannot exist. The independent cooperative, which is managed by its owner-members, is a different matter; it is already not a collective farm. The peasant is a person of the market. He has two "economic faces." One is that of the worker, the other, that of owner. The latter is the one that has been hit over the last 60 years with everything possible, from the fist to the revolver. So, if you revive that second face, what harm can there be for the peasant?

[MOLOD UKRAYINY] In the political history of Russia, peasants always appeared to be an inert mass. If this is the case, where will the agrarian party get its support?

[Chernychenko] Let me give you only one example. In 1906-07, when the first State Duma was being established, half of the elected deputies were representatives of the peasants. In 1917, during the election of the Constituent Assembly of Russia, the majority of those elected were representatives of the peasants. Yes, an absolute majority was obtained by the Socialist-Revolutionary party. That is why the October Revolution took place before the Constituent Assembly was called, and why the sailor Zhelezniak, a classic representative of the military establishment, broke up the Assembly. The documents of the peasant parties, which were published in "Izvestiakh sovietov krestyanskykh deputatov" back in August, 1917, were read out by V.I. Lenin as the Bolshevik decree about land. And Lenin never took bad things from others. He took that which enabled him to stage the instant and, generally, bloodless, October Revolution. However, already within two months everything was changed and besmirched.

Why should I deceive you? The 12 million collective farm workers of our country are mainly people who have been lumpenized. "If Petro is our head, then we must serve him," because on him depends getting shingles, buying a Zaporozhets car, coal. This is why at present those who are becoming real peasants are people from the cities. And it is not surprising. Let us say in the Ukraine, in Donbas, it is common to see a forty-year-old man who has nothing of his own, and he has already moved from the Poltava or Cherkassy area in the hope of having his own property, his own house. This also happens in Western Ukraine, in the Kharkov area. People will gladly go from a huge megalopolis if they can have normal conditions of work, if they can earn 1000 rubles per month for 16 hours of work each day. Why should a boy from Odessa flee, at age forty, in order to get 40 dollars per month and get himself a "Sharp," then return home bedraggled, if he can get these things at home? For, at present, people are fleeing from my native Crimea to Tiumen, in order to have their 600-700 rubles; they are not going to see the blue mists.

Give him the possibility in Crimea to work his own two hectares of vineyard and he will not go anywhere. We have made the peasantry the most unfit segment of the population; we have cut through their root. We have created the phenomenon of the Shukshin hero, who wanders around the world "from Moscow to the borders." And if among the Georgians and Estonians there is no such human type, in Russia and the Ukraine he is very common. Up to age 40, 50, he wanders wherever, with no corner of his own. Is this a national characteristic? No, it is a deformation of the national character, its lumpenization. And should we consider this romantic, an achievement of the social system? What an abject lie! People are created in order to truly love their land, their Poltava or Lvov region. And I envy the Uzbek national character; for an Uzbek to move from Fergana to Urgench is almost impossible, "because I come from Fergana." And yet it is the same distance as going from Poltava to Cherkassy. Yes, through geographic movement, people have certainly gained "enormous" social advantages. They have managed to get permission to live in Moscow or in Kiev, or become semi-lumpen sailors travelling abroad. This is lumpenization, which has become the state policy.

[MOLOD UKRAYINY] But still: will peasantry, work on the land, become the basis of national rebirth?

[Chernychenko] Let me tell you about Pereslavl-Zalesky, a little town near Moscow, from which Alexander Nevsky came and where Peter I founded the Russian navy. Now farms are being established there and people are coming from all over the Union, because an unpopulated area has appeared, a "Klondike" land rush. And they welcome everyone there, from Belorussians to Uzbeks. It is sad that our people from Yaroslavl, with their characteristic accent, are not there. But the truth must be told: a desert has been created, and in the desert, normal trees do not grow. In the area where V. Belov lives, there is no native population which would be capable of returning the Vologda village at least to its 1928 standard. Where V. Rasputin lives, in the villages along the Angara River, there is no native farming population. Where V. Astafyev lives, there are no fields; they have been flooded by the Divnogorsk reservoir. And nothing terrible would happen if for now people were to come to Russia from the northern Caucasus or Western Ukraine in order to establish farms. Would it be for long? In order to keep the land from becoming desolate. And it would be very sad if we began to forbid them entry because of ideas about the "purity of the nation." And this is not happening; Russia is still free of this.

POST-PROCUREMENT PROCESSING

Grain Market Chaos Due to Decentralization Feared

914B0051A Moscow SELSKAYA ZHIZN in Russian
14 Dec 90 First Edition p 2

[Article by L. Trisvyatskiy, professor of the imeni K.A. Timiryazev Moscow Agricultural Academy, and L.

Kochetkov, candidate of economic sciences, senior scientific associate of the All-Union Correspondence Institute of the Food Industry, Moscow: "The Grain Market of a Great Power"]

[Text] Perhaps, at present there are no more vital issues in our country than those associated with the signing of the Union treaty. Political aspects of the problem are usually emphasized in disputes about the future of our union. However, we cannot restrict ourselves to this alone. The facts of economic life also indicate how complicated, hard, and just plain impossible it will be for us to painlessly retreat to our ethnic quarters. Here is one of such facts—the supply of grain in our country.

A paradoxical situation is emerging: Given a record gross grain harvest in our country—240 million tons—grain procurement has now come to rest at the mark of 70 million tons. This begs the following question: How to restore procedures for the delivery of grain and other most significant products to our country that are being destroyed before our very eyes?

"Main Directions for Stabilizing the National Economy and Switching to a Market Economy" provide for giving up the administrative imposition of compulsory orders for agricultural products. Procedures for the accumulation of state foodstuffs stocks that are new in principle will be introduced as early as 1991—on an economic basis through the republic and local organs of state management with a view to supplying the populace in their jurisdictions and meeting all-Union needs. In the course of this, all-Union stocks will be created in order to provide foodstuffs for the Army and other special consumers, as well as for export deliveries by virtue of intergovernmental agreements and the accumulation and replenishment of state reserves. Of course, these all-Union stocks will account for merely a segment of common needs, and not the largest one at that. However, they need to be created and replenished. We support this document. However, as we see it, the following contradiction develops: On the one hand, state orders are sort of abolished (compulsory orders are given up) while, on the other hand, they are sort of preserved (the creation of all-Union stocks). Practical essence rather than terminology are at issue here: Will state orders (and the system of contracting along with them) exist or not, and how will the all-Union stocks be accumulated?

However, this is not the whole issue yet. So far, the deliveries of grain, sugar, fats, meat, dairy and some other products to the population of cities and industrial centers, as well as to special consumers, have been made from the Union (and republic) stocks. The Union stocks have been owned and administered by the USSR Government, which has allocated and sold them through its organs. It has been fully responsible for deliveries to the country. These responsibilities will now devolve on the republic and local organs of state management. The governments of our sovereign union republics should be responsible to their peoples for this, as is the practice in

all countries. However, as far as the local organs are concerned, it is not all that simple, especially in industrial regions.

What are the cities and industrial centers to do, together with the surrounding kolkhozes [collective farms] and sovkhozes [state farms], which have no opportunity to produce a sufficient amount of agricultural products, grain in particular? For example, let us look at Tambov Oblast, the center of the Chernozem area, and Sverdlovsk Oblast, the workshop of our domestic machine building. In the Tambov area, they harvest over three million tons of grain in a good year and sell to the state more than 1.5 million tons, while receiving themselves less than one million tons from the state stocks; only one-half of that is for food use. Meanwhile, in the Sverdlovsk area they harvest in their best years just over 1.5 million tons of grain, sell between 250,000 and 300,000 tons to the state, and receive 1.5 million tons from the state stocks, of which almost one million tons are used to meet food needs. Is Sverdlovsk Oblast capable of feeding itself? This is to say nothing about the two capitals of ours, the current and the previous ones, because the production of commodity grain in Moscow and Leningrad Oblasts is considerably smaller than consumption.

More than three-quarters of the Russian oblasts, krays, and autonomous republics sell less grain than they draw from the state stocks, that is, they are importers. The northernmost and the most remote, eastern oblasts, krays, and autonomous republics do not grow grain at all due to climatic conditions. Only one Union republic out of 15, Kazakhstan, sells more grain to the state stocks than it draws from them.

All of the above enables us to propose the following: The supply of grain products could be delegated by the sovereign Union republics to a renewed union (at least at the initial stages of market relations). This should definitely be reflected in the future Union treaty. It is difficult to imagine what is going to happen to the economy of the country and the supply of grain resources for the populace if we opt for the way proposed by some hotheads who come out against the need to renew and preserve the Union and against implementing everything that is built into the concept of renewing our multinational state. However, as we see it, an appropriate mechanism is required in order to implement this concept.

An active system for supplying the country with grain and other foodstuffs (the all-Union stocks) should become a component of this mechanism, at least for the duration of the stabilization period. In the environment of food shortages, the status and strength of interethnic relations depend on the centralized supply of foodstuffs. It appears to us that it would do the legislators of the Union and republic echelons good to consult the employees of foodstuffs organs on these issues.

It has long ceased to be a secret that a shortage of grain has been made up for a long time by imports that, in

recent years, have come to between 40 and 45 million tons annually. This deficit presents "a dual image"—it is both apparent and hidden. The latter is associated with the poor quality of grain, in particular wheat, the bulk of which requires intermixing with highly glutinous domestic and imported, mainly Canadian, wheat. Out of the 40 million tons of wheat procured this year in the country as a whole, strong wheat accounts for only four million tons. In the past, it has been redistributed in a centralized manner. Logically, this will not be the case in the future. All republics and oblasts should take care of upgrading themselves and seek highly glutinous wheat where they may. If it cannot be found, mills, baking enterprises, and bakeries will be doomed to idle. Alas, these are realistic prospects. This is what the hasty decentralization of grain and fodder deliveries leads to.

Now about another very important problem. Several years ago, deliveries of grain to the state mixed-feed industry were partially decentralized by a resolution of the Union Government. Grain is delivered from the state stocks only to poultry farms and large livestock complexes, and even then with disruptions. The rest of it was handed over to the local echelon, to Union republics. No matter how logical this solution to the problem appears to be at first sight, in reality it so happened that they began to use this grain for feeding the livestock directly rather than for manufacturing mixed feed, thus leaving many mixed-feed plants without grain raw materials. However, it could have hardly happened otherwise: Feed grain is stored in the elevators and is the property of the republics. Why not use it for fodder?

Decentralizing the grain supply definitely has not worked out. However, instead of drawing necessary conclusions on this basis, it is now planned to extend decentralization to the operation of enterprises that produce flour, cereals, macaroni, baked goods and bread, and confectioneries. Decentralization altogether severs the last surviving ties between the consumers and suppliers of grain, at least for several years to come. We must say bluntly that a presidential decree as it applies to preserving economic ties is doomed not to be carried out; however, as far as grain is concerned, this will now happen "on a legitimate basis."

The planned, if imperfect, distribution of high-quality wheat and grain raw materials in general is being replaced with chaotic distribution. The point is that the signing of treaties between sovereign republics that, naturally, also provide for the sales or purchases of agricultural products, occurs spontaneously and is not coordinated by anyone. There is no guarantee that all of them will receive precisely the amount of grain and precisely of the quality that is necessary to produce standard grain products. Regular deliveries to the populace will not evolve all by themselves. The planned introduction of the foodstuffs tax in kind [prodnalog] instead of state orders or in addition to them will hardly ameliorate the situation.

We are witnessing the demise of the state grain monopoly before our very eyes. It is being destroyed prematurely and by the same old administrative command rather than economic means. This will not reinforce our future renewed federation. The experience of the world indicates that the resources and consumption of bread are controlled by the governments of many countries one way or another. While relinquishing such control, on top of this right away, full throttle, giving in to yet another extreme, we forget about the shortage of grain, which is continuous.

Under such circumstances, grain may become, and is already becoming a means of payment through which grain-producing regions dictate their terms to grain-importing regions.

Grain has always been considered a supreme moral value. However, how can we view the persistent desire of some republics and oblasts to sell their grain abroad for hard currency while asking the state to provide feed grain for their needs? This is referred to as "group egoism" at present, but previously they used to put it in simpler and more precise terms: These people have neither shame nor conscience.

We believe that certain preparations and a certain period of transition are necessary for switching from state orders to market relations. This period will last until a genuine grain market emerges with all of its attributes, including an exchange where grain and all grain products will be bought and sold at prices freely set in it.

However, all of this is still in store for us. For now, we should proceed toward this market prudently, taking into account the real situation, rather than by jerks and by means of hasty though outwardly spectacular decisions.

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Efforts to Improve Sugar Beet Processing Examined

Schedule Disruptions, Delays

914B0046A Krasnodar SELSKIYE ZORI in Russian
No 9, Sep 89 p 44

[Article by M. Povalyukhin, director of the laboratory for beet storage, VNISS [All-Union Scientific Research Institute for Sugar Beets and Sugar] and candidate of agricultural sciences: "The Entire Cycle in Four Months"]

[Text] At the present time as new sugar plants are being built in the Central Chernozem Zone, operating processing enterprises are also being actively renovated. However, the capital investments that are being directed here are often ineffective. The reason for this is the violation of the optimum schedules and pace of harvesting and of the organization of shipments, storage and processing of sugar beets.

The All-Russian NII [Scientific Research Institute] for Sugar Beets and Sugar has developed a scheme involving for sowing, and the pace of harvesting, shipment, storage and processing on the basis of the plant with average-size capacities (2,700 tons of beets daily).

According to our scheme, the optimum period for beginning sugar beet harvesting should be considered 7 September. Under any weather conditions sugar output will be no less than 12 percent during the second 10 days of September. During the first three days of harvesting a reserve of raw materials is created, but beginning on 10 September processing should already have begun. In the course of 11 days (up to 20 September inclusively) sugar plants must operate only with a three-day reserve. Beet harvesting during this period is strictly standardized—during 13 days 39,000 tons should be procured. With an initial productivity of 185,000 quintals per hectare in recorded weight each day it is necessary to harvest 162 hectares (in 13 days—2,100 hectares). Let us note that on this area we should have only rapidly-maturing varieties which provide a sugar output of no less than 12 percent at the beginning of September, and by 20 September—13.3 percent. Such varieties include Ramonskiy Hybrid-16 and Ramonskiy Single Seeded-47.

The rest of the area should be sown in varieties such as the single seeded MS triploid and Ramonskaya Single Seeded-9, which provide a large harvest of root crops at a later harvesting date and which are characterized by good technological qualities and decreased losses of sugar during average and long-term storage periods.

The transition to intensive, i.e., mass, harvesting occurs on 20-25 September. Between 25 September and 15 October (20 calendar days) mass beet harvesting takes place. During this time it is necessary to harvest 15,000 hectares and to procure 321,000 tons (750 hectares daily). Since during this time the weather may be unfavorable for harvesting, 20 work days are allocated for digging up root crops.

For the timely shipment of beets between 7 and 20 September 100 large trucks are needed daily (based on the shipment of 30 tons per truck per day, or two trips) with a general daily shipment volume of 3,000 tons. Being readied for the period of mass harvesting are 535 vehicles. I will emphasize that with intensive harvesting we must avoid disorganized field storage of beets; the root crops that are dug out must be sent to reception points on the same day. A delay of only one day results in the loss of 1-3 percent of beets.

What is occurring at this time at the sugar plant? Here from 10 September to 16 October (36 days) 108,000 tons of root crops are processed (30 percent of the total volume of procured raw materials). Beginning on 16 October beets that can be stored for short periods of time begin arriving (32,000 tons). At the same time about 220,000 more tons are prepared for average and long-term storage. A portion of the root crops (40-50 percent) are stored in areas equipped with ventilation and the remainder are stored in pits after being treated with

biologically-active disinfecting agents. I would like to note that ventilation systems operate on a mandatory basis with humidification of the air that is forced into the pit, otherwise root crops begin to wilt.

In the zone of Ramonskiy Sugar Plant in 1981-1988 average relative atmospheric humidity during the third 10-day period of September equalled 74 percent, during the first 10-day period of October—76, during the second—81; the corresponding air temperature was plus 8.8, 6.3 and 4.8 degrees respectively. The transition to minus temperatures usually occurs during the third 10-day period of October or during the first 10 days of November.

Ventilation of beets with or without humidification must be implemented only during the first 15-20 days of storage beginning on the day the pit is packed, utilizing nighttime drops in temperature. With the appearance of niduses of spontaneous warming it is essential to shut off ventilation systems because a continuation of release of air will facilitate the development of the rotting process.

As has been previously stated, a portion of beets packed for storage in pits between 1-15 October is treated with disinfection or biologically-active agents. For the Central Chernozem oblasts the best preparations are a 5-percent solution of sodium sulfate and a mixture of 4-6 percent solution of sodium thiosulfate with 0.5-0.75 percent boric acid. We can utilize solutions of pyrocatechol and hydroquinone in a 0.3 percent concentration. The processing of sugar beets treated by agents and packed in a ventilated system must be carried out last, leaving them in storage for at least 30 days. Necessary ventilation here (with humidification of the air) provides for preservation of up to 0.6-0.8 percent of the sugar, and treatment with chemical preparations increases output by 0.6-0.9 percent in comparison to non-processed root crops. The economic effect from the volume treatment of 100 tons of beets with a sodium sulfate solution equals 462 rubles, and with a sodium thiosulfate mixture—479 rubles.

Considering planned halts (4-5 days), the processing season will be completed on 12 January. In other words, the duration of processing for juice is 120 days.

The scheme that has been developed will enable us to save an additional 3-5 percent of procured raw materials and to achieve an increase in sugar of 0.4-0.5 percent.

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Voronezh Oblast Example Cited

914B0046B Krasnodar SELSKIYE ZORI in Russian
No 10, Oct 90 p 24

[Article: "Previous Approaches Are Interfering"]

[Text] The effectiveness of the recommendations developed by the VNISS imeni A. L. Mazlumov, which was discussed in our journal by M. I. Povalyukhin, director of the laboratory for the storage of sugar beets, was confirmed to a significant degree during last year's

harvesting and shipment of beets to Ertislkiy Rayon, Voronezh Oblast. Here harvest operations began relatively on schedule and followed the schedule that was agreed upon by the plant and contractors. The directors of the rayon link also selected the correct position with regard to the organization of this work. The delay in harvest operations until 25 September had a positive effect on beet storage and processing. Liskinskiy, Olkhovatskiy and other rayons in Voronezh Oblast and most of the beet enterprises of Belgorod Oblast also carried out harvesting in an organized manner and at a moderate pace. Here many kolkhozes and sovkhozes harvested beets from over 25 percent of sowing area in September, and from 63 percent—by 23 October. Quite naturally, "October" beets were of a better industrial quality.

A different position was taken by the directors of the majority of rayons of Voronezh Oblast. First of all, they did not succeed in putting sugar plants into operation during the first five days of September and secondly, having begun harvesting at the beginning of the second 10-day period of this month in violation of all schedules they completed harvesting intensively within 2-3 weeks. What this resulted in can be seen using the example of Ramonskiy Rayon. Here harvesting was begun prior to 10 September; by the 11th 4 percent of the harvest had been procured, by 18 September—30 percent, by the 25th—64 percent and by 2 October—95.5 percent (76,397 tons).

The early September harvest resulted in a decrease in the industrial qualities of the raw material. With a high atmospheric temperature and a low relative humidity as well as with the presence of a large number of damaged and hollow root crops with fungal diseases and an elevated weed content, they were stored poorly. As of 21-25 September niduses of self-warming of beets in pits developed in many beet-reception stations; workers of raw materials departments "struggled" with this problem until the end of the processing season. As a consequence, there was a low output of sugar and a high output of molasses with extensive above-norm losses. As of 1 October sugar output in Ramonskiy Plant comprised only 11.27 percent, and on the average from the beginning of production—10.27 percent; during the second 10 days of February output equalled 10.15 percent of the mass of processed beets. The sugar content in the raw materials procured was 0.9 percent lower than base content (16.1 percent), and its content in beet cuttings did not exceed 15.2 percent with a consideration of decreased polarization for clarification.

According to phytopathological analyses of raw materials it turned out that the quantity of greatly-traumatized root crops comprised an average of 37.7 percent from the beginning of production, and even more on some days. As of 20 September mechanically-damaged root crops amounted to up to 75 percent. This kind of raw material is completely devoid of immunity and is incapable of being stored. Seven to 10 days after it is stored niduses of self-warming appear in pits, as a result of which the quality of normal beet juice decreases to 82 percent. Poor-quality raw materials will naturally not produce sugar, and in accordance with GOST stan-

dards it is mandatory to introduce chemical reagents. In addition, losses of sugar in pulp and molasses increase and sugar acquires an elevated coloration.

The directors of sugar plants, who in the third 10-day period of September saw how the course of beet procurement was going and considered the weather conditions, began to turn to those "above" with a request to decrease the pace of harvesting. But the voices of many were not heard. The result was the following. Last year the oblast's enterprises procured about 5.2 million tons of beets—1 million more than the quota (the Voronezh area had never before known anything like this), but 100,000 tons fewer of sugar were produced than in 1988. Early September intensive harvesting of beets (during the second and third 10-day periods) and the lack of readiness of plants for work in early September brought irremediable losses—the oblast actually lost about 30 million rubles.

What is the position of the VNISS and of the oblast center for scientific support? It is the same. Both support timely, strictly-regulated harvesting of beets as described in the article. Harvesting must begin during the first 5 days of September and be completed on 20 October (if according to prognoses state orders are fulfilled by 20 August). Up until 20-25 September plants should be supplied with a 2-3 day reserve of raw materials. Only after 25 September should mass but moderate harvesting begin. Incidentally, the recommendations of the VNISS about such a schedule has been approved at a meeting of the scientific-technical council of the Voronezh agroprom and has been recommended for introduction in the oblast.

Until producers and processors of sugar beets become interested in high end results—in the production of a maximum quantity of sugar per unit of area and weight—there is no point in hoping for changes for the better. Right now beet producers are interested in overfulfilling the plan for gross output in September. And what happens after that—they prefer to remain silent about this or to point to various circumstances, including the weather. Yet it should be absolutely clear to both scientists and specialists that a rejection of previous stereotypes and a high level of organization with new approaches to schedules and pace of harvesting and processing of the valuable raw material will be the determining factors.

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LIVESTOCK AND FEED PROCUREMENT

Threats to Dairy Supplies Emerge

'Milk Blockade' in Moscow Area

914B0048A Moscow SELSKAYA ZHIZN in Russian
2 Dec 90 First Edition p 1

[Article by M. Glinka: "Milk Blockade?"]

[Text] In Moscow there is another crisis—this time a milk crisis. No, milk has not disappeared from the

shelves. But the lines to buy milk begin forming early in the morning and do not dissipate until the stores close.

I think that I can establish the beginning of the hullabaloo regarding demand. On the morning of 24 November the newspapers published a discussion with S. Stankevich, deputy chairman of Mossovet [Moscow Soviet]. Sergey Borisovich reported that practically in one day Moscow received notification from nine of the closest oblasts that they would either greatly curtail or completely halt milk deliveries. The "milk blockade," said the vice-mayor, was announced without any warning. A worker of the press center in Mossovet, S. Stupar, published a list of the "saboteurs." There turned out to be 12 of them now: Stavropol Kray, Orel, Penza, Rostov, Vladimir, Moscow, Tver, Tula, Tambov, Voronezh, Smolensk and Bryansk oblasts. Further hopes were expressed that local Russian soviets "would not allow the strangulation of the democratic Mossovet with the noose of a food crisis." Nothing more and nothing less. It is not surprising that the residents of the capital, who were already alarmed about the promulgated intention of Mossovet to soon privatize all city trading, which many associate with higher prices, tore into milk stores.

Of course, looking for the enemy under the bed is not equivalent to organizing supply. Moreover, in our history, alas, this is not the first time this has happened. As soon as something goes wrong, those who are to blame for all the problems soon appear. At one time those blamed were the enemies of the people, then the homeless cosmopolitans, and now—the partyocracy together with the bureaucracy. Although in S. Stankevich's press conference of 26 November these words were not pronounced each person understood at whose glass house the rock was being thrown with his pronouncement: "This coordinated step cannot be explained by economic reasons. It appears that people want to intentionally put the city into a milk crisis." "Moscow is being boycotted, and I will prove this with facts!" said Yu. Luzhkov, chairman of Mosgorispolkom [Moscow city executive committee], the next day at a Mossovet session. A little later he added still more fuel to the fire: "Today we can say directly that Moscow is being subjected to an economic blockade."

But who are these saboteurs? Which nine oblasts delivered a milk ultimatum to Moscow? In order to clarify this we phoned Mosgorispolkom, S. Stankevich's staff, Mostorg [Moscow trading organization], Moscow dairy plants and the raw materials department and general directorate of Moloko MPO [Dairy Production Association], but we never did receive a precise answer. Moreover, the circle of "saboteurs" even expanded. Added to the first dozen were Krasnodar Kray and Belgorod Oblast, which "refused to conclude contracts," as well as Kaluga Oblast. Thus it turned out that 15 regions of the country out of 18 that supply the city with milk and dairy products were included.

Why are they stopping deliveries of valuable food products to Moscow, declaring a "milk blockade" of the capital and striving to "strangle the democratic Moscow with the noose of a food crisis"? Answering the question of our reporters are the following:

Ye. Yermoshchenko, general director of the Smolensk Oblast dairy industry association:

We are surprised by this declaration. We are shipping whole-milk products to Moscow above the plan and ship cheese as well according to our contract. The oblast contains large dairy combines that process canned and powdered milk. We ship it all outside the oblast. The people of Smolensk Oblast have forgotten how these products look. We explain to them that the city is enormous and that there is only one capital which must be supported, especially during this difficult period. People understand this but it is very difficult to understand the position of Moscow's leaders.

V. Svito, director of the agricultural sector in the Belgorod Oblast CPSU Committee:

The oblast is strictly carrying out its obligations related to the sale of milk. There have been difficulties with meat and debts developed at the beginning of the year when this product had to be sent without delay to Novosibirsk, Kemerovo and Murmansk, where a tense situation was developing. But we are making up for this deficiency too.

Ye. Bogachev, first deputy of Tula's Agropromsoyuz [Agroindustrial union]:

There have been interruptions in sales. Since the beginning of the year the capital has been undersupplied by over 9,000 tons of dairy products. But what does this have to do with a boycott? Enterprises have one-third less feed than planned. Operations discipline has suffered in some places and there has been a decrease in responsibility for order in production. Thus milk yield has dropped. In October alone the oblast lost 10,500 tons of milk. Nevertheless, we will try to fulfill our December quota.

V. Spirkin, deputy chairman of Vladimiragropromsoyuz:

Previously residents of the oblast center bought many products in the capital. It received the corresponding funds for this. With the introduction in Moscow of trading by visitor cards and passports we lost this opportunity. We came to an agreement with the capital that the residents of Vladimir Oblast will receive their share—1,000 tons of butter. However, this has not yet been produced. It was necessary to use some of the milk produced in the oblast—about 22,000 tons—to make this butter.

N. Duzhayev, deputy general director of Mosmyasomolpishcheprom [Moscow Meat and Dairy Product Food Industry] PMO:

According to the results for nine months we were successful in overfulfilling our obligations for the delivery of milk to Moscow. But in October we undersupplied 11,000 tons of product, and in November—another 8,000 tons. This was the consequence of unfavorable conditions in livestock raising in the fall. Many rayons, by decision of local soviets, ceased to deliver milk in order to deal with their own food problems. The oblast executive committee was forced to point out to the directors of these rayons the intolerability of violating fund discipline. In December the oblast will deliver 80,000 tons of milk to Moscow instead of the planned 50,000. This, I hope, will prevent the milk crisis from deepening. The annual order—to sell 1,050 tons of milk—will be carried out by livestock farmers.

A. Vasyutin, deputy chairman of Kaluga Oblast Executive Committee:

Five years ago we supplied Moscow with much less milk but questions did not arise. If we had the product we sold it above the plan. In four years we sold over 27,000 tons additionally. Today too no one is planning to boycott the capital. However, the situation that has developed is the following. It is possible to reach many farms only by tractor. The workers of Kaluga Oblast keep for themselves only 44 percent of milk and have sent farmer cheese, cream, and sour cream. We ship meat to the capital's residents, taking it away from our own, and sold 57 percent of our potatoes. What kind of boycott is there to speak of?

A. Ivanov, general director of Krasnodar's Tosmyasomoltorg [Rostov meat and milk trading association]:

In general the kray has been able to deal with the delivery of dairy products into the union-republic fund. We were to send 1.65 million cans of condensed milk and 5,310 tons of raw materials to the capital. The orders for condensed milk have been filled, but only 4,150 tons of cheese were shipped. The plan, which came to us from above, is unrealistic. This is recognized at all levels, but the necessary corrections have not been made. Rostov, Volgograd and Saratov oblasts refused to supply the kray with butter (5,854 tons), leaving Maritime sanatoriums without it, and this means 12 million people. In order to somehow save the situation it was necessary to partially replace this product with cheese. This is the reason for the shortfall in deliveries.

This is the picture. As you can see, there is no boycott of any kind, but there are difficult circumstances that require joint constructive work.

Feed Shortage Threatens Northern Herd

914B0048B Moscow SELSKAYA ZHIZN in Russian
22 Nov 90 First Edition p 1

[Article by Kh. Makhayev: "Herd Under the Knife?"]

[Text] Specialists feel that agricultural production on the Kola Peninsula is on the verge of an abyss. This applies first and foremost to livestock raising.

Here several generations of specialists developed a magnificent herd of Kholmogor animals with amazing genetic potential. Zootechnologists and veterinarians developed a far-reaching strategy—to increase the productivity of cows to 6,000-7,000 kilograms in the very near future. Already today each cow produces 5,000 liters of milk under polar conditions. In Kolskiy Sovkhoz the figures are even more impressive—over 6,000 kilograms. Livestock farmers of Murmanskij, Kandalakshskiy and other sovkhozes have approached this mark.

Today milk yield is decreasing. The north is the north; feed cannot be cultivated here. Murmansk Oblast was to receive feed from 24 oblasts in the country. It received none. If republic and union governments do not help, all of the livestock and poultry will go under the knife. But should we kill that which has been cultivated with such labor by many people?! Will it really be simpler to ship those 70,000-80,000 tons of milk to the polar region that we now produce locally? Will it really be simpler to ship 230-240 million eggs that today are collected by local poultry factories?

Herd Smaller in Belorussia

914B0048C Minsk SELSKOYE KHOZYAYSTVO BELORUSSII in Russian No 5, May 90 p 19

[Article: "BSSR Goskomstat [State statistical committee] Reports"]

[Excerpts] A decrease in the size of the cattle herd in the public sector began in the republic in 1986, and in the population's enterprises a definite tendency toward a

decrease in the size of the herd began in 1975. The number of dairy cows in kolkhozes, sovkhozes, interfarm enterprises and other state enterprises decreased by 126,300 head, or by seven percent, during the last five years. During this period the size of the herd belonging to the population decreased by 20 percent, in Gomel Oblast—by 38 percent, in Mogilev—24 percent, Minsk—16 percent, Vitebsk—15 percent, and Brest and Grodno—14 percent in each. Whereas during the years of the 10th Five-Year Plan the size of the herd of cows decreased by 124,000 animals on the average per year in private enterprises and during the 11th—by 86,000, during the 12th Five-Year Plan it decreased by 148,000 head.

The proportion of cattle in the private enterprises of the population at present comprises 11 percent of the total herd, and cows—28 percent.

In 1989 as compared to the previous year the number of cattle in kolkhozes and state farms decreased by 84,200 head, or by 1.3 percent. The curtailment took place in all oblasts. In the population's enterprises herd size decreased by 20,300 head or by 2.4 percent, including in Gomel Oblast—by 7 percent, in Mogilev—by 5 percent, and in Brest and Minsk oblasts—by 2 percent each.

[passage omitted]

In the republic the number of enterprises of kolkhoz farmers, workers and employees of the village area who do not maintain livestock is increasing. In 1989, 27.6 percent did not maintain any category of livestock as compared to 15.9 percent in 1975; cattle—46.8 and 23.7 percent respectively; cows—49.3 and 28.7; and hogs—34.5 and 28.5 percent.

Quantity of Livestock in the Belorussian SSR

	As of 1 January, thousands of head				
	1971	1976	1981	1986	1990
In kolkhozes, sovkhozes and other state enterprises					
Cattle	4,017.2	5,072.9	5,684.7	6,501.0	6,351.0
including cows	1,350.9	1,639.8	1,847.5	1,857.3	1,758.5
Hogs	2,250.2	2,494.9	2,937.6	3,439.0	3,682.2
including basic sows	148.8	145.0	164.3	182.2	201.2
Sheep and goats	395.8	398.0	396.8	386.6	283.2
Poultry	6,828.6	12,176.6	19,820.3	25,369.4	28,544.9
In the population					
Cattle	1,365.4	1,333.5	1,083.5	1,034.4	815.3
including cows	1,139.5	1,039.9	890.2	825.4	680.6
Hogs	1,754.3	1,504.4	1,629.5	1,574.9	1,521.4
including basic sows	96.4	80.3	67.3	48.1	44.5
Sheep and goats	295.9	167.4	172.7	273.0	227.0
Poultry	20,214.2	19,676.1	19,363.5	18,893.6	21,223.0

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FOOD PROCESSING, DISTRIBUTION

KGB Finds Food Hoarding in Trade Organizations

914D0082A Moscow SELSKAYA ZHIZN in Russian
16 Dec 90 First Edition p 3

[TASS report: "KGB: Trade Steps Up Opposition"]

[Text] The populace and the labor collectives support the monitoring of the delivery, storage, and distribution of foodstuffs and other consumer goods by law-enforcement organs. A stream of reports to the state security organs on the abuse of official positions, unsound use of resources, theft, and so on has increased. All of them are being vigorously verified, as a TASS correspondent was told at the USSR KGB Public Liaison Center.

It has been determined that while some regions lack foodstuffs and manufactured goods they are accumulated and neither redistributed nor sold due to the decisions of the local authorities.

Cases have been detected of foodstuffs and imported goods being accumulated at warehouses, storage facilities, and shops, as well as attempts to conceal and steal them. Such cases have been particularly numerous in the Tajik, Kirghiz, Turkmen, and Uzbek SSR [Soviet Socialist Republic]. Foodstuffs and manufactured goods worth 30 million rubles [R], of which imported goods accounted for R7 million, have been found in the warehouses of some organizations in Leninabad Oblast. At the warehouses of the Kirgizpishchesnabsbytsrye [expansion not identified] storage facility, 25,500 cans of imported sunflower oil weighing 4.5 kilograms each have been found that arrived in September and October of last year. At the storage facilities of the Ministry of Trade of Kirghizia, 296 tons of butter—including 40 tons from abroad, 560,000 jars of imported baby food, and 114,700 cans of peas have been detected. In Ashkhabad, a warehouse has been found where 441,000 cans of canned meat have been stored since 1986, as well as two tons of cheese since March of this year. In Lipetsk, Zhitomir, Alma-Ata, and Orenburg, cases of large-scale spoilage of grain, vegetables, and meat have been discovered. The incidence of overstocks at the storage facilities of food industry enterprises and trade warehouses has been uncovered in Chelyabinsk, Voronezh, Sumy, Kazan, Ufa, Saransk, and Makhachkala. There was no sunflower oil in the republic while the tanks of an oil-extraction plant in Nalchik were overflowing.

According to information coming to the KGB, the employees of trade are stepping up their opposition to the employees of law-enforcement organs accomplishing the tasks entrusted to them.

As a result of measures taken by the state security organs, the situation at the railway terminals of Astrakhan, where more than 100 unclaimed containers with drugs and other products were located, has been normalized. The Chekists have managed to ensure the sale to the

populace of hundreds of thousands of packages of Indian tea, 14,000 bottles of wine and cognac, and about four million packs of cigarettes which were stored for a long time at the Tula storage facility of the Rosoptprodorg [expansion not identified].

A shipment of imported goods worth about R1 million has been sent to trade outlets from the Kazan Universal Warehouse of the Tatar Union of Consumer Cooperatives.

Criminal charges have been filed in Moscow, Leningrad, Kharkov, Minsk, Ulyanovsk, Ufa, Donetsk, Lipetsk, Lutsk, and Alma-Ata on the basis of materials referred by the state security organs.

Georgian Kolkhoz Market Prices Reported

914D0101A Tbilisi ZARYA VOSTOKA in Russian
5 Dec 90 p 1

[Article by Yuriy Gvindadze: "Just As In the Past, the Prices Are Stinging"]

[Text] The face is not seen at close range. Nevertheless, this same face is revealed in our contemporary life at the kolkhoz markets. In accordance with a poor memory of olden times, it is possible at the present time to trade quite well, to purchase that which cannot be found in stores and to determine how life has become more expensive compared to yesterday. And here we can take consolation in the fact that there will be no shortage of products and generally we will not experience hunger so long as the market is active. But given the existing wages, we must reject completely other needed and mandatory "attributes," such as: dressing ourselves, putting on shoes, paying for various services and denying ourselves in practically all areas which could brighten up our difficult lives.

Asceticism on a full stomach—is not the worst variant of those proposed for us by perestroyka. The situation could be considerably worse. There is another problem: why do we voluntarily follow the recommended course of events and make no attempt at changing them for the better?

To orient the market towards this thought, in the manner of an uncontrolled price element, and actually regulated in accordance with the overall republic horizontal, not only by deeply rooted mismanagement but also by the advantages of definite circles.

Let us evaluate the basic situation. Why have our market prices for one product or another become firm and uniform? Why is it that no differences have been introduced for the location where the goods were produced, for the delivery distances involved, for the characteristics of the salesmen or for the seasonal conditions? The various individuals who supply market trays are motivated by the same goal—excess profit. Let us assume that this goal derives from life's needs. However, how can we

understand such a logical misinterpretation of the situation when even at the peak of this year's generous citrus fruit year the cost of such fruit equalled that of imported foreign sweets?

Lemons are no longer being sold by the kilogram. At the present time, one lemon costs at least one ruble. And what would be the cost of a kilogram of lemons? Quite possibly, as much as 8-10 rubles. We will not place emphasis on the decree adopted slightly more than 10 years ago, which called for the development of subtropical agricultural operations in our republic. It was publicized rather extensively and even implemented. Daily tea with lemon alone has remained an unrealized dream. Something was not understood by our agricultural leaders. If one so wishes, he can find rather convincing arguments and references to objective and subjective factors. One only has to find real lemon for the real tea. Thus, long-suffering on the part of consumers may disappear and the planned lemon shortage may be countered by an unplanned consumer boycott. A solution will be found for ensuring that we have a supply of these fragrant fruits. We will lay in a supply of them, select a suitable strain and begin cultivating lemons under room conditions. An annual production of more than 50 lemons per family will be guaranteed. Will this not be a useful undertaking? Yes and this will present Agroprom [agro-industrial committee] with serious work—to issue instructions to the lemon growers on an urgent basis.

Such a consumer position may encourage the growing of citrus fruit, frighten off the market bosses and inflate prices. For example, similar to that which happened in the case of the ill-fated kidney beans. At one time, the market price for kidney beans was on a par with the old price for meat. At the present time, a kilogram of kidney beans costs as much as a gram of gold during the period of voluntarism. Such strange affairs are taking place on our markets, which are still kolkhoz in form but not in content.

Has our fertile land really ceased producing these beans or are extremely serious forecasts required in order for Gosagroprom [state agro-industrial committee] to be able to foresee the present product crisis and target the kolkhozes and sovkhozes for producing them? Towards this end, there was no need to search for those logistical resources which are in short supply. There was only a desire for doing so. And yet nobody expressed this desire. As a result, a real opportunity for brightening up our dinner table was overlooked. There was a shortage of livestock husbandry products, even though kidney beans were available.

In this winter that has just started, we wish to know who is to blame for today's turmoil and why our economic leaders are unable to see 7-8 moves in advance or, as it turns out, even one in advance.

No, today our market is not as faceless as it appeared initially. Judge for yourself.

Tbilisi: beef—14-15 rubles per kilogram, pork—10-12, potatoes—2, kidney beans—8-10, sheep cheese—17-18 rubles, cheese—18-20, apples—from 2 to 5 rubles, tangerines—from 3 to 8, cabbage—80 kopecks to 1.5 rubles, nuts—35, corn flour—4 rubles.

Batum: beef—12-14 rubles, pork—10-12, potatoes—2-2.5 rubles, kidney beans—15 rubles, corn flour—4, apples—4-5 rubles, cabbage—1.5, nuts—40 rubles

Zugdidi: beef—10 rubles, pork—8, cheese—16-17, potatoes—1.5-2, kidney beans—8 rubles, apples—3-4, tangerines—2.5-5, corn flour—2.5-3, nuts—30 rubles.

Ozureti: beef—10 rubles, pork—none available, cheese—13, kidney beans—8, potatoes—1.5, apples—4 rubles, corn flour—3.

Telavi: beef—12 rubles, pork—10, sheep cheese—18-20, kidney beans—7, potatoes—2, cabbage—1-1.5, corn flour—2.5, apples—1.5-2.5, tangerines—4-5, nuts—30, honey—20 rubles.

Tajik Official Details Goods Distribution, Unloading Problems

*914D0086A Dushanbe KOMMUNIST
TADZHIKISTANA in Russian 15 Nov 90 p 1*

[Interview with L.B. Ulzhayev, chief of the Dushanbe Division Unloading Sector of the Central Asian Railroad, by M. Umarov, Tajik News Agency correspondent: "Trains Stand with Goods that Are in Short Supply..."]

[Text] The shortage of food products, goods, and various materials is creating serious tension. But can the shortage always be explained by objective reasons? A selective meeting at the Dushanbe Division of the Central Asian Railroad, which was chaired by Yu.P. Zatsarinnyy, deputy chairman of the Tajik SSR Council of Ministers, was supposed to answer this question. The leaders of a number of ministries and departments were invited. During the course of the businesslike analysis, it turned out that senior officials who are charged with providing us with all the necessities are often the organizers, or rather the disorganizers.

What is the state of affairs today at stations of the railroad's Dushanbe Division? The Tajik News Agency correspondent asked L.B. Ulzhayev, chief of the Dushanbe Division Unloading Sector of the Central Asian Railroad, to answer this question. Here is what he said.

[Ulzhayev] Practically all the division's stations are in an extremely difficult situation right now. Consists with freight are arriving around the clock. But the managers of enterprises and departments cannot or do not wish to ensure their timely unloading. And here is the result: for the railroad's Dushanbe Division, 527 railcars were unloaded daily just during the first 10 days of November. At the same time, 430 cars were left "untouched" on the tracks. More than one-third of them were not unloaded due to the fault of the consignee. The situation is even more alarming for stations located on

the territory of Tajikistan—our republic accounts for 57 percent of the balance of the total unloading volume for the Central Asian Railroad. What is disappointing is that the population and industrial enterprises are in dire need of what is contained in the unloaded cars. For example, potatoes. Supplying the population with this food product has been difficult this year compared to last year. And 127 cars containing this "second staple" are standing idle at the stations. Neither the State Agroindustrial Committee nor the firm "Nuri nav" have ensured timely unloading. Or take grain. Up to 98 cars are not unloaded daily through the fault of leaders of the Tajik SSR Ministry of Grain Products. The situation is the same for other food products, construction materials, and equipment.

[Umarov] But, after all, every ministry, department, and large enterprise has individuals who are responsible for transport servicing. Finally, specific acts exist which if violated can result in penal sanctions.

[Ulzhayev] Yes, indeed there are officials in every ministry and department. But, as you can see, they do not take their job seriously. There also are normative time periods for unloading meat, for example. Counting the distance between stations, unloading, and the return travel, 3 hours and 16 minutes are allotted for each car. But the Dushanbe Meat Canning Combine cannot make it in this time at all. This year it spent about 40 hours unloading each car. Hence, there were fines. But they pay them at the expense of the enterprise. This does not affect the managers. Selective meetings are regularly held with leaders of the ministries and departments. But the situation is not being corrected at all.

[Umarov] Are any measures being taken against the guilty parties?

[Ulzhayev] A decision has been made: If a ministry or enterprise cannot ensure unloading in a timely manner, the republic's Council of Ministers together with the State Committee for Material and Technical Supply [Gossnab] have the right to transfer the freight to any other organization that needs it and is capable of freeing up the cars in a timely manner. Unfortunately, so far this decision is being implemented poorly.

Another quite important aspect. The leaders of the ministries and departments or their deputies responsible for transportation are invited each time to the meetings conducted by the deputy chairman of the republic's Council of Ministers. But instead of coming themselves, they often send workers who, to put it mildly, are not very competent and are unable to make decisions.

The railroad workers are also at fault. They consist with national economic freight do not always arrive at the freight yards on time. The approach lines are not fully mechanized at all stations, and in some places the lifting and loading equipment has become antiquated. All this together makes the situation in rail transport even worse.

The solution is to increase the responsibility of all those involved in the transportation conveyer to engage in deeds instead of words...

Georgian Food Shortages Detailed

914D0086B Tbilisi ZARYA VOSTOKA in Russian
13 Nov 90 p 3

[Interview with Revaz Dzhanelidze, chief of the Food-stuffs Trade Administration of the republic's Ministry of Trade, by Irina Adamashvili, ZARYA VOSTOKA correspondent: "In Search of Scarce Goods, or Comments on the Empty Counters"]

[Text] "Meat," "Sausage," "Fish," "Cereal," "Cheese," "Dairy Products"... These are signs over the empty counters. They are a reminder of former abundance. The reality: the only type of canned goods is "Caviar from sea kale"—and here, perhaps, is the entire assortment.

Coupons for butter, cut to one-third the norm this month; the food crisis, taking on increasingly clear contours; the causes, consequences, and prospects for solving food problems—this is the topic of the interview with Revaz Dzhanelidze, chief of the Foodstuffs Trade Administration of the republic's Ministry of Trade, by Irina Adamashvili, ZARYA VOSTOKA correspondent.

[Dzhanelidze] The situation speaks for itself. All I can do today is share the information we have. Let us begin with the adjusted norm for butter. The need to decrease it in November was caused by the following circumstances. We now have 2,800 tons available. This is the monthly norm for the republic. Out of the 11,000 tons expected in the fourth quarter, 3,000 tons have not yet been received, nor have the 4,000 tons we were supposed to receive through imports. It is not known how things will stand with receipt of this product in the first quarter of next year and throughout 1991. You see, today the republic receives more than 90 percent of the butter through subsidies. Hence, the decision on the temporary decrease in the norm.

The food problem, which has worsened in recent times, has compelled us to raise the question of introducing a coupon system for basic food products and passport procedures to acquire food products and industrial goods for residents of Georgia. Of course, these measures are not very popular, but they are forced. This question was put before the republic's Council of Ministers by the Ministry of Trade for the first time back in June. Today the decision on this question cannot be put off any longer.

On 9 November, the republic government made a decision on this. From now on, a coupon system is being introduced in the population to receive butter, cereals, flour, and tobacco... How much and in what volume will be decided by the executive committees based on existing stocks and the actual availability of food products. In this regard, I want to emphasize that up to now the republic's industrial cities have been supplied on a

preferential basis, and this, of course, is fair. From now on, however, leveling in this matter will be reduced to a minimum, and we will have to resolve this problem in strict accordance with the principles of social justice.

Now a few words about guarantees of issuance of goods for the coupons being introduced. As far as tobacco products are concerned, it seems to me that there should not be any special problems here—mainly because tobacco is a local raw material. Although this matter is not without problems. Thus, during the 10 months of this year the republic's industry was 44 million rubles [R] short in supplying this product. But tobacco, you would agree, is not an absolute necessity, if only because children do not need it. The matter is more complex for other positions.

The number of eggs coming into Tbilisi today—550,000 daily—guarantees each resident of the republic the opportunity to receive one egg every other day. We consumers must proceed from this amount, which the "Gruzptitsprom" [Georgian Poultry Industry] promises to provide.

It is hard for me to give an exhaustive answer regarding the prospects of issuance of goods for butter coupons—this is the position of the State Agroindustrial Committee. According to our data, for the fourth quarter the market stocks are not covered by resources, and the expected shortfall in delivery of this product will be 2,600 tons by the end of the year.

We have not been supplied with flour resources for this year. There should not be any special problems with pasta. But we must be prepared for interruptions in the delivery of cereals—from 85 to 90 percent of them are delivered to the republic today.

It is no secret that the extremely critical food problem that has taken shape in Georgia is due at least in part to rush demand, the transporting of products outside the republic, and the panic among the population resulting from all this, which has become massive in nature recently. Unfortunately, an increase in cases of extortion and other abuses in the sphere of trade is inevitable in such a situation. If the new system of product distribution makes it possible to relieve the tension at least partially, then it is worth it.

Now a few words about how the situation is being made even worse by shortfalls in deliveries. During the 10 months of this year alone, the republic's industry had a shortfall in deliveries of 16,000 tons of meat worth R35 million, including 6,400 tons of sausage products worth R17 million. The shortfall was 7,800 tons of whole-milk products worth R2 million; 1,300 tons of cheese worth R2.7 million, and an additional delivery shortfall of around 2,000 tons is expected. Shortfalls of eggs amount to 14,000; confectioneries—3,800 tons... Shortfalls of fish from local reservoirs amount to 2,500 tons, worth R3,200 million... There are delivery surpluses only for alcoholic beverages: wine—R27 million; champagne—

R6 million; and cognac—R5 million. But they also, as you have justly noted, are constantly out of stock.

I must also note that deliveries from outside the republic are being accomplished in a stable manner. Here are figures for nine months of this year: 58,800 tons of meat have been delivered for a planned 55,000 tons; 30 million eggs were delivered in the first quarter, given the fact that there are no subsidies for them; 6,000 tons more butter; 11,000 tons of dried milk for a planned 9,500 tons; and 500 tons of cheese without subsidies for it...

Finally, about the situation with sugar. The demand for it in the republic is 275,000 tons. We produce 35,000 tons of that amount locally from imported raw materials; 70,000 tons come from the Ukraine; and 170,000 tons come from Russia. As of today, a contract for 1991 has not been formalized, and the prospects for concluding it are unclear.

In summing up what I have stated, I will note that today the Ministry of Trade is doing everything possible to avoid making the crisis even worse, to find a way out of it, and to determine its position according to future resources. The decision made by the republic government charges the councils of ministers of the Abkhaz and Adzhar ASSR's, the South Ossetian Autonomous Oblast, and the executive committees of city and rayon soviets of people's deputies in the shortest possible time to develop a mechanism for introducing a coupon system, to increase the range of goods being sold under coupons, and to ensure sale of food products and nonfood consumer items in accordance with passport procedures. Posing the question in this way also seems feasible to us—change the operating procedures of trade installations on the republic's territory so that only shops with extended business hours operate on Saturdays, Sundays, and holidays, and switch all the rest to a five-day week. The validity of such a solution is obvious: it is namely on days off that the stream of people coming here from outside the republic increases.

These measures are temporary but urgent. The time periods for their implementation will be made public in the next few days.

GOODS PRODUCTION, DISTRIBUTION

1991 Goods Supplies Projected by Sector

914D0073A Moscow *EKONOMIKA I ZHIZN*
in Russian No 49, Dec 90 p 16

[Reply to letter to the editor: "1991: How Does the Portfolio of Orders Look?"]

[Text] November is coming to an end. It is not clear how life will be for production workers next year. The collapse of established economic ties is going at an accelerated pace, and what next? I would like to know what kind of portfolio of industry orders have we been able to form so far for 1991? What data does the USSR State Committee for Statistics [Goskomstat] have at its disposal?

Economist L. Kiryushin, Leningrad.

As the editorial office was informed, the USSR Goskomstat has established effective observation of the course of the contract campaign. What does it show? As of 13 November, only 43 percent of the volume of contracts planned by enterprises for delivery in 1991 have been concluded. By comparison, at this time last year 77 percent were formalized by contracts.

The level of concluding contracts was lower in the metallurgical complex (40 percent) than for industry as a whole. This is not the first year this sector has encountered the problem of raw material supplies during the

course of the contract campaign, especially supplies of scrap metal and coking coal.

In the machine building complex, delivery commitments made encompass 53 percent of the products, so things are somewhat above average here. However, we cannot be satisfied with this indicator either. There is a large lag here compared to last year. As of 13 November of last year, already 90 percent of the planned product deliveries were formalized by contracts.

The data from an operational survey conducted by the USSR Goskomstat as of 13 November 1990 indicate the level of the contract campaign for 1991.

Progress in Concluding Contracts for Product Delivery in 1991 (actually concluded contracts in percentage of product volume projected by enterprises for delivery in 1991)

	Total Product Delivery		Of Total Delivery—Delivery for State Needs as of 13 Nov 90
	As of 13 Nov 90	By comparison, as of 13 Nov 89	
Total for ministries (associations, concerns, MGO's) surveyed	43	77	44
Fuel and energy complex	46	92	48
Machine building complex	53	90	52
Metallurgical complex	40	80	35
Chemical and timber complex	44	83	45
Agroindustrial complex	35	-	41
"Soyuzstroymaterialy" [All-Union Construction Materials] Association	62	83	78

Now a few words about the progress in concluding contracts for delivery of consumer goods in 1991. As the observation for the ministries (associations, concerns, MGO's) surveyed shows, 62 percent of the total volume of goods projected by enterprises for delivery in 1991 were covered by contracts for delivery of industrial consumer goods (not counting light industry items) as of 13 November 1990. Last year, 89 percent of the contracts were concluded by this same time. The level of concluding contracts for delivery of consumer goods is below average in the machine building complex (52 percent) and the chemical and timber complex (49 percent).

Black Market Prices by Region for Furniture, Appliances

914D0073B Moscow EKONOMIKA I ZHIZN
in Russian No 49, Dec 90 p 16

[Reply to letter to the editor: "On 'Black' Market Prices"]

[Text] Recently I read somewhere that a washing machine costs about 400 rubles [R400] on the black market in the

RSFSR. But here in Kishinev the prices apparently are even higher: R1000 for a sewing machine, and they sometimes ask R1500. I wonder, how much are speculators "charging" for the shortage in other places? Is it possible that prices are even higher? L. Maksush, Kishinev.

At the request of a reader, we are publishing the results of a survey of black market prices conducted by state statistical agencies in oblast, kray, and republic centers in the fall of this year.

Black market prices are 2-5 times higher than state retail prices for food products and individual types of clothing, footwear, and knitted goods; 10 times higher for medicines; 6-10 times higher for perfume and cosmetics; and 6 times higher for passenger cars. Furniture, televisions, video recorders, refrigerators, and construction materials in many cases are sold directly from the trade network at prices 2-5 times higher than state prices.

Table 1. Results of Survey of Black Market Prices for Individual Types of Goods: Cultural and Household Articles

	Refrigerator	Washing Machine	Color TV	VCR	Vacuum Cleaner	Sewing Machine	Adult Bicycle	VAZ Automobile
Average in rubles per item	900	310	1,700	5,300	132	600	186	30,000
Amount higher than state retail price	2.2 times	2.2 times	2.2 times	2.6 times	2.4 times	2.7 times	1.9 times	3.6 times
Prices in individual cities:								
Moscow	1,000	-	1,500	4,500	150	380	150	31,000
Leningrad	-	-	1,700	-	-	-	-	40,000
Alma-Ata	1,000	-	1,300	7,000	150	700	-	45,000
Ashkhabad	600	-	1,000	6,000	120	300	150	35,000
Baku	575	270	1,100	7,500	-	400	-	55,000
Vilnius	2,500	500	2,400	6,000	250	3,000	800	50,000
Dushanbe	400	325	1,000	-	115	350	170	35,000
Yerevan	1,000	-	1,200	1,800	-	500	-	40,000
Kiev	1,000	400	2,000	4,000	200	400	180	25,000
Kishinev	1,000	-	1,000	3,800	200	1,250	100	30,000
Lvov	600	300	3,500	7,500	150	500	250	50,000
Minsk	1,150	-	2,100	3,600	-	-	135	-
Odessa	450	250	3,500	8,500	110	500	250	35,000
Riga	2,500	500	13,000	8,900	300	3,500	200	48,000
Tashkent	625	185	1,000	3,500	75	210	125	21,000
Tbilisi	1,500	-	1,000	2,500	-	-	-	35,000
Frunze	900	400	1,500	5,000	180	700	-	40,000
Khabarovsk	800	700	1,200	3,000	70	500	250	30,000
Kharkov	700	400	1,500	5,000	100	500	140	45,000

Table 2. Results of Survey of Black Market Prices for Individual Types of Goods: Furniture

	Desk	Dresser	Bookshelf	Sofa Bed	Armchair	Sideboard	Kitchen Set	Living Room Set
Average in rubles per item	126	370	280	455	175	393	1,100	3,600
Amount higher than state retail price	1.8 times	1.7 times	1.6 times	1.8 times	1.9 times	1.6 times	2.0 times	1.6 times
Prices in individual cities:								
Moscow	280	650	250	900	150	-	1,500	5,000
Alma-Ata	-	210	-	-	-	-	1,000	6,000
Ashkhabad	-	-	-	-	-	-	700	3,000
Baku	150	325	195	320	250	240	2,300	12,000
Vilnius	120	800	150	300	120	900	1,500	-
Dushanbe	100	-	-	-	-	-	1,300	3,500
Yerevan	100	-	-	350	-	-	1,200	2,800
Kiev	120	300	200	500	300	-	1,500	6,000
Kishinev	-	-	-	300	300	-	2,000	10,000

Table 2. Results of Survey of Black Market Prices for Individual Types of Goods: Furniture (Continued)

	Desk	Dresser	Bookshelf	Sofa Bed	Armchair	Sideboard	Kitchen Set	Living Room Set
Lvov	80	700	400	450	200	700	2,500	5,000
Minsk	-	400	-	-	-	-	900	6,000
Odessa	80	260	200	600	110	140	1,500	8,500
Riga	250	400	200	700	300	400	2,500	5,000
Tashkent	-	400	250	300	250	300	500	2,500
Tbilisi	200	250	250	2,500	200	300	3,000	6,000
Frunze	-	300	300	-	-	-	-	5,000
Khabarovsk	160	300	-	500	-	-	1,000	-
Kharkov	200	700	300	400	600	-	2,700	3,000

Overpayments by the population for nonfood consumer items purchased at artificially high prices will increase (according to the estimate) two- to threefold in 1990 compared to 1989 (in 1989 they were R1.3 billion).

Comparison of 1990, 1989 Food Consumption Rates by Republic

914D0073C Moscow EKONOMIKA I ZHIZN in Russian No 48, Nov 90 p 16

[Report by USSR State Committee for Statistics: "Don't Count Your Chickens Before They Are Hatched"]

[Text] We complain that we cannot buy meat, dairy products, or vegetables in the stores when we need them. Naturally, we are outraged. But where will they come from if the majority of republics are noticeably decreasing the sale of these products we all need? Look at these data from the USSR State Committee for Statistics as of 1 November 1990.

Table 1. Purchases of Milk by Union Republics as of 1 November 1990 (in thousands of tons)

Republic	From 1 January to 1 November		
	1990	1989	1990 in Percentage of 1989
USSR	69,005	68,546	100.7
RSFSR	35,905	35,653	100.7
Ukrainian SSR	15,971	15,682	102
Belorussian SSR	5,568	5,378	104
Uzbek SSR	834	837	99.7
Kazakh SSR	2,965	2,920	102
Georgian SSR	216	261	83
Azerbaijan SSR	328	366	89
Lithuanian SSR	2,542	2,601	98
SSR Moldova	951	972	98

Latvian SSR	1,572	1,636	96
Kirghiz SSR	462	482	96
Tajik SSR	244	250	98
Armenian SSR	216	261	83
Turkmen SSR	175	171	102
Estonian SSR	1,056	1,076	98

Table 2. Purchases of Livestock and Poultry by Union Republics as of 1 November 1990 (live weight, in thousands of tons)

Republic	From 1 January to 1 November		
	1990	1989	1990 in Percentage of 1989
USSR	17,796	18,403	97
RSFSR	9,010	9,203	98
Ukrainian SSR	3,826	3,944	97
Belorussian SSR	1,279	1,308	98
Uzbek SSR	273	303	90
Kazakh SSR	1,337	1,405	95
Georgian SSR	104	140	74
Azerbaijan SSR	114	152	75
Lithuanian SSR	576	590	98
SSR Moldova	321	308	104
Latvian SSR	323	344	94
Kirghiz SSR	181	205	88
Tajik SSR	74	82	90
Armenian SSR	75	106	71
Turkmen SSR	77	75	99.3
Estonian SSR	229	238	96

Fewer potatoes and vegetables have been procured than last year. All union republics except Kazakhstan reduced delivery of them. Tables 3 and 4 show data on purchases of these products.

Table 3. Purchases of Potatoes (in thousands of tons)

Republic	1990, as of 22 October	1989, as of 23 October
USSR	7,858	11,041
RSFSR	4,088	5,909
Ukrainian SSR	1,571	2,174
Belorussian SSR	1,015	1,563
Uzbek SSR	137	149
Kazakh SSR	368	280
Georgian SSR	81	105
Azerbaijan SSR	21	25
Lithuanian SSR	196	255
SSR Moldova	11	15
Latvian SSR	88	187
Kirghiz SSR	76	98
Tajik SSR	72	82
Armenian SSR	56	78
Turkmen SSR	8	10
Estonian SSR	70	111

By mid-October of this year, trading organizations of the RSFSR had put the following amounts of potatoes, fruits, and vegetables up for long-term storage.

Table 5. Potatoes, Fruits, and Vegetables Put up for Long-Term Storage in the RSFSR (in thousands of tons)

	Plan for 1990	Put up as of 15 October 1990	Percentage of Plan Fulfillment		1990 in percentage of 1989
			1990	1989	
Potatoes	3,985	2,309	58	83	66
Vegetables—total	2,904	1,501	52	64	76
Including:					
fresh cabbage	1,096	392	36	48	70
sauerkraut	201	77	38	50	72
onions	587	384	65	81	77
garlic	10	11	104	132	70
carrots	465	288	62	81	74
beets	342	258	75	83	88
pickled cucumbers	99	25	25	33	62
pickled tomatoes	47	38	82	78	87
other fresh vegetables	53	26	49	47	85
Seed-bearing fruits	749	215	29	28	98

By this time in Moscow 97,000 tons of potatoes (20 percent of the amount at the same time last year) and 196,000 tons of vegetables (62 percent) have been put up for long-term storage. By mid-October in Leningrad 89,000 tons of potatoes (33 percent of the amount at the same time last year) and 58,000 tons of vegetables (49 percent) have been stored up. Soviet bodies of the capital and Leningrad, unfortunately, have not found the wherewithal to organize procurement of garden products as they should.

Table 4. Purchases of Vegetables (in thousands of tons)

Republic	1990, as of 22 October	1989, as of 23 October
USSR	11,900	13,775
RSFSR	4,455	5,263
Ukrainian SSR	2,719	3,098
Belorussian SSR	177	214
Uzbek SSR	1,770	1,810
Kazakh SSR	414	534
Georgian SSR	121	196
Azerbaijan SSR	428	534
Lithuanian SSR	79	88
SSR Moldova	783	850
Latvian SSR	59	79
Kirghiz SSR	236	319
Tajik SSR	250	297
Armenian SSR	122	211
Turkmen SSR	256	243
Estonian SSR	31	39

Food Prices in Various RSFSR Cities Cited

914D0073D Moscow RABOCHAYA TRIBUNA
in Russian 29 Nov 90 p 1

[Report by RSFSR State Committee for Statistics: "The Market Is Going up in Price"]

[Text] The prices on the kolkhoz market are increasing more and more rapidly as the population's food supply worsens. Whereas during the first half of this year prices increased by

23 percent compared to the same period last year, they increased by 33 percent in July, 35 percent in August, 45 percent in September, and more than 50 percent in October.

The average prices for individual agricultural products at city kolkhoz markets of a number of the republic's large cities are cited in the table below.

Average Prices for Individual Agricultural Products

As of 22 October 1990 (in rubles and kopecks per kg)

City	Beef	Eggs (for 10)	Potatoes	Fresh Cabbage	Onions	Apples
Moscow	20.64	8.75	1.37	2.16	2.23	3.50
Leningrad	18.40	5.33	1.48	1.78	1.71	3.30
Nizhniy Novgorod	13.67	2.00	0.79	1.12	0.90	2.80
Sverdlovsk	14.00	-	0.60	3.00	1.50	4.00
Krasnoyarsk	9.00	1.50	0.40	1.50	1.50	5.00
Vladivostok	15.00	2.00	2.00	3.00	2.00	10.00
Irkutsk	10.00	2.00	1.50	1.50	1.80	5.00
Izhevsk	10.00	1.60	0.50	1.00	1.20	5.00
Kazan	10.00	2.00	0.80	1.50	0.70	3.50
Krasnodar	10.00	2.00	1.30	0.80	2.00	2.00
Orenburg	8.00	2.00	0.80	0.80	1.00	3.00
Bryansk	8.00	1.50	0.50	0.80	1.00	3.00
Kaluga	10.00	3.00	0.80	1.00	1.50	2.00
Ryazan	15.00	2.50	1.00	0.80	0.80	3.00
Smolensk	8.00	2.00	0.80	1.00	1.30	2.00
Yaroslavl	11.44	1.90	0.53	1.40	1.00	2.36
Arkhangelsk	17.50	-	2.00	2.50	2.00	3.00
Kirov	10.00	-	1.00	2.00	1.50	3.00
Voronezh	10.00	2.50	0.70	1.00	0.80	2.50
Volgograd	8.00	3.00	1.00	1.40	1.10	3.00
Kemerovo	8.00	-	0.50	0.50	4.00	5.00

Compared with the preceding month, prices on the markets in Moscow increased by 15 percent for milk, 55 percent for eggs, 18 percent for potatoes, 11 percent for fresh cabbage, 23 percent for onions, and 6 percent for meat products.

Moldovan CP Officials Comment on Light Industry Transition to Market

914D0071A Kishinev SOVETSKAYA MOLDOVA
in Russian 20 Nov 90 p 2

[Report by Press Center of the Moldovan Communist Party Central Committee: "We Cannot Make the Transition to a Market Economy Quarreling"]

[Text] Today, we talk more and more often about the problems of the transition to a market economy and ways to resolve them. There are fundamental arguments concerning this in the republic parliament, at party and other meetings, and at public demonstrations. What do communist leaders think about this? How do they see the realistic transition of our economy to new relations? Participants of a working conference of directors and secretaries of primary party organizations of a number of production enterprises of the republic's light industry, held the other day at the Moldovan Communist Party Central Committee, tried

to answer these and other questions. V.M. Iovv, chairman of the Social and Economic Commission of the Moldovan Communist Party Central Committee and secretary of the Central Committee, presided over the meeting.

It must be confessed that the republic, like the entire country as a whole, in addition to a political crisis is in the grips of a deep crisis in the economy. We learned from an official report from the Moldovan State Department for Statistics that the social and economic situation in the republic continues to remain complex and has a tendency to worsen for certain basic directions. It is noted, for example, that there is a decrease in the rate of development of social production, resulting from a breakdown of economic ties, a worsening of labor discipline, and a breach in the level of fulfillment of contract commitments for product deliveries, and the shortage of raw materials and materials is being keenly felt. This was stated with great concern by A.A. Ostrovskaya, director of the Kishinev Garment Factory imeni 23d CPSU Congress; M.P. Korobov, directory of the Beltskaya Garment Factory imeni 40th Anniversary of the MSSR; Ye.Ya. Martynyuk, director of the Soroki Outer Knitted Wear Factory; L.I. Melnik, director of the Rybnitsa Knitted Goods and Linen Factory; and other conference participants.

"I personally am more than certain," Aglaya Antonovna Ostrovskaya emphasized in her speech, "that in the situation and economic chaos which we are today, the transition to a market will be accompanied by unforeseen difficulties, if not to say that this will simply be impossible. We need a specific economic bases which will serve as a sort of 'push' toward new relations; we need good, effective laws on prices and production costs. In short, we need a clear-cut concept for the transition to a market economy. It is mandatory that it take into account the unique characteristics of our region, which has been deprived of the necessary raw materials resources through no fault of its own."

The problem with raw materials disturbs practically all light industry production enterprises of the republic. Many labor collectives have been forced to decrease their potential production capabilities because of this, while the store counters have fewer and fewer goods. As A.A. Galko, director of the "Moldlegprom" [Moldovan Light Industry] concern put it, the state of affairs in this area is disastrous.

"I participate in the main all-union trade fairs for raw material procurement," Alina Aleksandrovna [Galko] continues. "Representatives of the RSFSR did not participate in the last trade fair, although our sectorial enterprises, like other republics, receive approximately 70 percent of their raw materials from the RSFSR. The picture is roughly the same with imports. We do not have enough fiber, yarn, dyes, or spare parts. Without them, enterprises simply will not be able to function. Before, we received all this in a centralized manner by orders. However, the system that existed has broken down, and we are receiving negative responses to all our inquiries; no one wants to conclude contracts with us due to the difficult sociopolitical situation in the republic. What kind of a transition to market relations can we talk about in this case?"

Actually, many enterprises have ended up in a difficult position due to the complex sociopolitical situation in the republic. There is no guarantee of fulfillment of contract terms on the part of suppliers, and basic human trust is lacking. It is hard not to agree with V.V. Gervasev, general director of the Kishinev "Zorile" Shoe Production Association, who said that gone around to all his suppliers, and no one wanted to agree to cooperate. Moldavian shoemakers found a reputable buyer in the FRG, but there was a failure here, too: no license. And the government of the republic as well as the country does not want to issue one.

"The transition to a market economy is inevitable," V.V. Gervasev believes. "However, given our present undisciplined economy and our complex and unpredictable sociopolitical situation, it will be impossible to achieve

any positive results. We produce, or rather had been producing, about 20 million pairs of shoes a year. Still, they are in short supply. From all appearances, we will cut production by half or even more next year due to a lack of raw materials. I cannot imagine what will happen then. What are we to do if we have "quarreled" with our suppliers and lost their trust?"

Comments by V.M. Iovv, Moldovan Communist Party Central Committee Secretary and Deputy of the Republic Supreme Soviet:

I must say that the conversation with the managers and communists of light industry enterprises and with a number of secretaries of primary republic party organizations was very useful. First of all, we managed to touch upon the most vital problems disturbing worker enterprises on the threshold of the transition to a market economy. And this process will be difficult. We all came to the same conclusion: We must prepare seriously for a market economy and establish good, effective ties with suppliers of raw materials. As the conference participants noted, there are tons of problems here. For example, here is what Yekaterina Yakovlevna Martynuk, director of the Soroki Outer Knitted Wear Factory told us. The collective had a contract with Tyumen processing enterprises for delivery of raw materials. The terms were such: annually 200 people were to work at their enterprises at a reduced wage plus 50 percent of the finished products. In so doing, the Tyumen enterprises pledged to deliver 300 tons of raw materials to the Soroki factory. But time passed, and the northerners toughened their terms. They demanded that a larger number of people be sent to work there and also a larger amount of the finished products.

I fully agree with the opinions of V. F. Podgornaya, director of the Dubesary Garment Factory, Ye.D. Krasnikov, director of the Kishinev Leather Goods Factory, N.L. Mokryak, director of the Kishinev "Styauaroshie" Knitted Wear Production Association, and others that our light industry enterprises have ended up in a difficult position due to the complex sociopolitical situation existing in the republic. In this situation, the transition to market relations will proceed, naturally, with difficulty. But we hope that the draft civil consensus "National Agreement in the SSR Moldova" submitted by the Moldovan Communist Party Central Committee to the Republic Supreme Soviet and for discussion by the public and the measures being taken now will help accelerate the process of achieving civil agreement and improve the situation as a whole in the republic. In this regard, we also place great hopes on the conciliation commission created by the parliament and headed by P.K. Luchinskiy, member of the Politburo of the CPSU Central Committee and first secretary of the Moldovan Communist Party Central Committee. As our sociopolitical situation will be in the future, so will be economy.

Uranium Enrichment Plant To Produce... Toothpaste

91UM0183A Moscow PRAVDA in Russian
13 Dec 90 p 4

[Article by D. Gutenev, PRAVDA correspondent: "Uranium and Toothpaste"]

[Text] It is not likely that five years ago anyone could have assumed that the Caspian Mining and Smelting Combine, specializing in the mining and enrichment of uranium ore and rare metals and also the production of mineral fertilizers, would begin producing... toothpaste.

Contacts—Contracts

Already next year, tubes with the inscription "Made in the city of Shevchenko" will appear for sale. Recently a group of Italian specialists from the firm Engeko, which is involved in the delivery of equipment for the plant and supervision of its installation, visited here.

"Our contacts," said Mauro Cartei, administrator of the firm, "began last year. In August we signed a contract with the combine in Moscow. In Italy, the firm Mazzoni has an engineering group which is involved in planning pharmacological and cosmetic production facilities. We have a small plant that produces equipment for making such goods. We made a plan for the city of Shevchenko and are now completing the delivery of the first production line. We have fulfilled 80 percent of our commitments to the Soviet side..."

What about the mining and smelting combine? Basically, everything is proceeding according to schedule here, too: construction of the buildings is nearing completion, and maintenance personnel are being brought up to strength. In the words of the plant director, Vyacheslav Vychkov, there is no shortage of people wishing to work at the plant.

Mauro Cartei and Gennadiy Isakov, assistant general director of the combine, assure us that the first products will be produced early next year. During the year the plant will send a total of 250 million tubes of toothpaste to trade. The filling agent in the toothpaste will not be chalk, as is done at Soviet enterprises, but dicalcium phosphate. To specialists in livestock breeding it is known as a feed additive. The combine produces it in large amounts and needs only to change the shape of the crystals and eliminate their abrasive properties.

Meanwhile, the plant is not limited to only one product. In time it will become a company that produces shampoos and other cosmetics. All this will bring the combine hundreds of millions of rubles in revenue annually, and it will help the state treasury significantly reduce currency expenditures for acquiring the same toothpaste abroad.

HOUSING, PERSONAL SERVICES

Views on Housing Problems, Statistics Aired

Poll Results for 100 Locales

914D0066A Moscow EKONOMIKA I ZHIZN
in Russian No 48, Nov 90 p 5

[Article by A. Kashirin, graduate student, Social Sciences Academy; and E. Yakushenko, first deputy chief, Moszhiluchet, Moscow City Executive Committee: "A Roof Over One's Head" under the rubric "Social Justice As We Understand It"]

[Text] The housing problem continues to be one of the most pressing social problems in our nation's entire history.

The All-Union Center for the Study of Public Opinion under the All-Union Central Council of Trade Unions and the USSR State Committee for Labor and Social Problems conducted a mass poll of 66 urban and 34 rural population centers to identify the most urgent socioeconomic problem. The poll's findings confirmed the fact that housing is still the most acute problem today.

The findings of other studies in this area showed that there are many who place the housing problem much higher than pay hikes, consumer goods expansion, and the development of the service sphere. Poll findings indicate to a certain degree the existence of a discrepancy between official estimates of the housing situation in the nation and citizens' opinion about their housing conditions.

The usual evaluation system is based on such criteria as the number of *ocheredniki* [people on a waiting list living in communal apartments] (previously—the number living in barracks, basements, etc.). But that category is only the small, "visible part of the iceberg" of those in need of housing. The insufficiency of statistics makes it difficult to define the "invisible part of the iceberg." Much of the necessary data (distribution of housing according to when it was built, the materials used in the construction of outer walls, the number of rooms and the type of buildings that incorporate living accommodations, etc.) is not available. Nor is a distinction made for such housing categories as house trailers, yurts, etc.

At the same time, people's health and life expectancy depend on the condition and comfort of their housing.

Research shows that increasing the living space per person from 4 m² to 6 m² reduces morbidity by 10 percent among children under 1 year of age and by 12 percent among children under 5 years of age. Where there are at least 7-9 m² per person, the incidence of cardiovascular and nervous diseases is cut in half, infectious diseases are rarer, and the birth of a second child is more frequent. And only when there are 12-13 m² of living area or 20-21 m² of total area do children under the age of 16 and people over 60 cease to suffer from the

shortage of living space. This is, therefore, the "healthy housing" norm that had been adopted today.

It is interesting to note that sanitary-hygienic living space norms at the beginning of the 20th century—unlike the present—were measured in cubic meters. V. Svyatlovskiy, privat-docent at St. Petersburg University, wrote: "modern hygiene" (at the beginning of the 20th century.—*Authors' note*) demands that the premises designated as an adult worker's housing total 25 m³. What is more, the air [in this space] must be replaced at least three times an hour. Incidentally, practical life deviates somewhat from the demands of science. It has developed a lower norm: 11 m³ per person. This is the minimum below which there can be no compromise between science and practice even in extreme cases. But even this "compromise norm" is frequently unattainable in practical life. Air norms per person (the data are for the year 1902.—*Authors' note*):

1. In houses built by the best German housebuilding companies—49 m³
2. Rational theoretical hygienic norm—25 m³
3. Hygienic minimum—20 m³
4. Prussian barracks—18 m³
5. The norm in the English law on the poor—13.5 m³
6. Small apartments, corners, basements, etc., in reality—11 m³
7. Zhigareva house in Moscow (1885)—5.5 m³
8. Village of Novozhivotinnoye according to a study conducted by Dr. Shingarev (1901)—2.7 m³

A number of conclusions can be drawn from the comparison of the data. First, the "sanitary norm" for housing in our day is practically equal to the rational theoretical hygienic norm at the beginning of the 20th century—25 m³ or 9 m² with an actual ceiling height of approximately 2.8 m. Consequently, the country's existing average norm that qualifies citizens for improved housing conditions—6.3 m² or approximately 17.5 m³—is 12.5 percent lower than the "hygienic minimum." Third, a considerable percentage of our *ocherdeniki*, the overall number of which comprised 13.9 million families and single persons in 1988, have less than 4 m² or 11 m³, and are living under unsanitary conditions that pose a threat to health. We add to this that furniture and other household furnishings take up a certain amount of room thereby reducing living space.

A conclusion that is important for our past and present policy follows from what has been said: by implementing the program to eliminate barracks, garrets, basements, and now communal apartments, we have essentially been addressing the housing problem at the lowest sanitary-hygienic level. And the long road to higher levels of consumption still lies ahead of us.

The Real Need for Housing

According to the 1989 All-Union Population Census, 52.4 million persons or 10.5 million families living in separate dwelling houses and apartment houses had less than 7 m² of living space per person. But half of those living under these conditions are considered to be in need [of housing] because it is assumed that the remainder will leave this category when the former are supplied with housing. This consists of 26.2 million people. Workers living in workers' dormitories should be added to this. (We consider that persons living in dormitories at educational institutions and in homes for the aged and disabled do not need housing). They number 8.1 million persons or 2.3 million families; the number living in communal apartments is 12.6 million persons or 3.4 million families. The number in need of housing should also include citizens living in house trailers, yurts, etc., who number 1.1 million persons or 0.2 million families. A considerable part of the population that rents housing—2.2 million persons or 0.7 million families—should also be included in this category. In sum, 50.2 million persons are in line for housing. If we consider that the housing conditions of 11 million persons will on the average be improved each year, it will take about 5 years to provide housing just for the citizens in the indicated categories who were in need of housing at the time of the census.

It must also be taken into account that here we are not considering among the criteria of the need for housing the level of amenities (even though the level of the population's hot water supply is only 42.5 percent; bathroom and shower facilities—less than 50 percent; sewer facilities—53 percent; water supply system—slightly higher than 60 percent) or dwellings built from primitive materials (clay, rushes, adobe), which according to our estimates number 9 million or over 10 percent of the nation's housing inventory.

As yet there are no data on the number of people living in one room, which is also an indicator of overcrowding. In the USA, for example, a dwelling in which there is more than one person to a room is considered overcrowded.

Also not considered here are the so-called complex families consisting of several married couples who would like to live separately but are unable to do so because of the lack of housing. These are the so-called invisible needs that nevertheless really exist and will be manifested with increasing urgency in the future as the most pressing needs are satisfied.

Thus, a satisfactory resolution of the housing problem in the near future is not foreseen.

What About the Program "A Separate Apartment or an Individual House for Every Family by the Year 2000?"

In order to answer this central question in housing policy, one must decide: what kind of house or apartment do we have in mind and for what kind of family? What is better: a communal apartment in a brick

building with all the amenities or an individual clay house without the amenities? What kind of family are we talking about? A family consisting of several married couples or just one married couple? Each of these aspects posed the given problem in an entirely new light. The search for the optimum in the question of what to build—more small housing units or fewer but larger units—inclines in the direction of the former.

We propose that the goal of national housing policy be formulated as follows: to provide every individual household with separate housing of the traditional type.

A household may take the form of a single person or a group of persons, including one or several married couples. Housing of the traditional type is a house or an apartment in a multi-apartment dwelling house.

The Construction Industry's Potential

What is the volume of housing construction that is actually possible in the nation between 1990 and 2000? World experience shows that the share of the gross national product that is used for the construction of housing remains extremely stable and ranges between 3 and 7 percent. Analysis of this indicator in our country confirms these observations. In the period between 1980 and 1989, it ranged from 3.4 to 4.1 percent.

In 1986 the increase in capital investments in housing construction was 110 percent compared with the previous year, which was almost two times higher than the average annual growth rates for 1980-1985. This increase was principally based on state capital investments. However the increase in actually commissioned housing was a mere 104-105 percent because the development of the construction base is greatly lagging. In the very last years—1989-1990, the volume of commissioned housing (both in square meters and in residential units) began to decline appreciably while costs per residential unit and square meter of housing built rose rapidly.

While the average annual growth rate of the internal national product in the next decade will be 3.8 percent, which corresponds to the average indicator for 1980-1989 in comparable prices, given the average growth rate of capital investments per square meter of space, which was 4.3 percent per square meter in 1980-1989 and given the retention of the average area of an apartment at the 1989 level— 60.8 m^2 , the number of newly-built apartments will be 22.4 million.

If the housing norms remain the same (12 m^2 of living area and 20 m^2 of total area), 68 million persons can be provided with housing before the year 2000.

If we consider that the housing conditions of 10-11 million persons were improved during each of the preceding five-year plans and that this did not even solve the *ocheredniki* problem, it is obvious that if only about 7 million persons are accommodated on an annual average, the housing crisis will worsen.

Another conclusion regarding our construction industry is no less important. First, the cost of housing construction will grow at a significantly faster pace than the amount invested in housing construction, which will lead to a reduction in such construction. Second, this is an alarming evidence that the construction industry as a whole is seriously ill and requires radical restructuring.

What Should Be Done?

First of all, we should not make any hasty decisions. Enough of them have already been made. It must be recognized that the declining volume of housing construction and the consequent worsening of the housing complex are an objective process. It is important to undertake measures to reduce the possible negative consequences and to choose the priority directions correctly. There is need for an independent public housing program that should be coordinated with the economic reform as a whole. Provision should be made for changes in economic relations with respect to housing and financing, in the structure of management, and in legislation. One of the main tasks of the program is to create a mechanism that would make it possible to react flexibly (on an economic, social, and legal plane) to changing conditions in the housing sphere.

The program should answer the question: who should help whom, in what way, and when? For example, the state primarily helps the state construction industry by investing very large resources in the industry and by subsidizing operational organizations. Only an insignificant part goes to citizens and consumers in the form of credits. The gradual reorientation of state and any other aid from producer to consumer and the mobilization of its potential and resources must become a key strategic direction of the program. Of course, this does not mean that the state should divest itself of responsibility for housing construction. It only means that it is necessary to redistribute the shares of the state and other sectors, including the private sector, in the production of housing.

The expansion of the construction of individual housing will require a network of small construction firms. Firms with a work force of fewer than 20 persons comprise the largest number of construction organizations in countries with a market economy. In our country, the average primary contract construction organization employs more than 340 persons.

It will be necessary to resolve the land question soon and to abolish the *propiska* [registration] system which, in their present form, impede the development of individual construction. (Incidentally, in the USA there are plots of land on which housing can be built even without the permission of the local authorities).

Finally, there will be need for a fundamentally new system for managing the housing sphere. At the present time, we have different agencies that are engaged in

various aspects of the housing problem: design, production of construction materials, construction, distribution, exchange, and exploitation, but no one deals with the housing problem as a whole. It is essential to create a state body that would continuously concern itself with housing problems: from the analysis of trends to the drafting of government decisions. The radical improvement of statistics will also be required in this area.

Rational economic incentives for all participants in the construction of housing (credit, tax, and price policy) should become the second fundamental principle in the program.

We should do our utmost to stimulate the activity of citizens and organizations in the construction of housing both directly for themselves and for leasing out, i. e., to actively develop the leasing sector. It is useful to create various types of housing associations, societies, and cooperatives in which citizens pool their funds and efforts for the joint resolution of their housing problems. It will unquestionably be necessary to create banks on a state, quasistate, joint-stock, and private basis that offer long-term credit for housing construction, for the development of enterprises for the production of construction materials.

Only individual blocks that should be reflected in the housing program have been named here.

In conclusion we would like to express our opinion concerning the policy of privatizing the state housing inventory. It seems to us that this is a step that has not been thought out all the way. To sell apartments or even to transfer apartments free of charge to the ownership of citizens in multi-apartment structures is tantamount to trading separately not in suits, for example, but only in suit sleeves. A dwelling house is a separate, physically and economically closed unit with its own internal infrastructure. Therefore if state housing is sold, it should be sold in whole residential structures, not to individual owners, but to associations of house owners that must also bear certain responsibilities, specifically: the maintenance of places in common use, of heat-, water-, gas-, and electric power supply. It would not be superfluous to take foreign experience into account. In France, for example, the sale of even individual floors of multiple-apartment buildings, is prohibited. In a word, we should not be too hasty in pursuing seeming advantageousness (obtaining resources or eliminating responsibility for exploitation) and in reaching a simple decision to make a choice without understanding what it will lead to.

Figures for Estonian Housing

914D0066B Tallinn SOVETSKAYA ESTONIYA
in Russian 31 Oct 90 p 2

[Article by A. Saar, director, Journalism Information Center: "On the Privatization of Housing" under the rubric "Public Opinion"]

[Text] Let us first look at the republic population's housing situation today. We have repeatedly conducted polls on this topic. Every time their findings show that there are certain differences in the housing conditions of one population group or another.

For example, more Estonians have private homes than representatives of other nationalities living in Estonia. The majority of the Russian-speaking population lives in separate, well-appointed apartments. The housing of 2 percent of the Russians and 15 percent of the Estonians has no conveniences.

If we speak of the degree to which people are satisfied with their housing conditions, according to our data, the degree of satisfaction is more or less the same for Estonians and Russians. In general, 45 percent of both one and the other are entirely satisfied with their situation and do not desire to improve their housing conditions. At the same time, the following pattern is seen: the higher the educational level a person has, the more significant is his/her need for better housing.

And now concerning whether people want to personally own their apartments and whether they can afford to do so. Fifty percent of both the Estonians and Russians want to have their own apartment and 20 percent do not. Ethnic differences are not seen here. But there are age-related differences: the younger people are, the more they desire to have their own housing.

Many—approximately 30 percent—could not express a definite opinion at all because they had never given any thought to this question.

And so, half of the republic's population wants to personally own their housing. But what kind of housing? The principal motivation is not merely to have one's own housing, but is to have one's own *comfortable* housing. In what way do people want to obtain such housing that is acceptable to them as personal property?

Most people try to buy or build an individual home. This is true of 35 percent of the Estonians and 23 percent of the Russians. That is, to resolve the housing problem—to provide people with the housing conditions under which they *would like* to live—attention must first be focused on the construction of individual homes and not on the privatization of apartments. The latter must be addressed in second or perhaps third place.

Approximately 20 percent of those polled would like to buy an apartment, once again in accordance with their needs, and only 10 percent would like to buy the apartment in which they are living at the present time. Such a gap between demand and supply generates scarcity. And, as we know, speculation, corruption, and a greater degree of social inequality are the consequence of the scarcity of any good.

People are especially disturbed about the latter. It should be considered that 33 percent of the Estonians and 45

percent of the Russians do not believe that they can buy their own apartment, to say nothing of purchasing the kind of housing they need.

The attitude toward cooperative housing is curious. Only three percent of the people polled are inclined toward this specific variant of acquiring housing as personal property. Such a negative attitude toward cooperative housing is explained by the fact that, first, you have to buy it; second, that you are buying something that is not exactly what you want; and, third, that such an apartment is at the actual disposal of the cooperative and not your personal disposal.

And finally, the ethnic problem surfaces. The government draft law on the privatization of housing proposed that apartments in the first stage be sold as a rule to persons who were born in Estonia or who have lived there at least 25 years. According to our data, this government proposal is supported by 73 percent of the Estonians and 27 percent of the Russians (for the most part, by those who were not affected by this restriction); 7 percent of the Estonians and 45 percent of the Russians spoke out against it.

Explaining the necessity for this restrictive measure, 25 percent of the Estonian and 14 percent of the Russian respondents believe that it is intended to protect the interests of the republic's *indigenous* population. At the same time, 12 percent of the Estonians believe that it is intended for the *exclusive* protection of the Estonian population. But 14 percent of the Russians and 1 percent of the Estonians view this as discrimination.

However, as we see, the majority of the respondents who expressed their attitude in one way or another toward this article of the draft bill could not explain the feasibility of such a restrictive measure.

As we will recall, 20 percent of the people did not express the desire to personally own an apartment. This is very many if we consider that our society does not very often offer anything for private ownership. What are the reasons?

The majority of those polled noted the lack of legal guarantees as an obstacle. There are many who think: "First they'll give it and then they'll take it away." Such a thing has indeed happened more than once. And this is probably why elderly people, who are more experienced, are more cautious than young people about this proposal.

In addition to the articulation of legal guarantees, people also note the need to provide credits and certain benefits for the sale of apartments. Forty-three percent of the Estonians and 33 percent of the Russians polled spoke out in favor of these measures.

At the same time, approximately 20 percent of the people answering the question of the conditions under which they would agree to buy the apartment they are occupying declared that they did not wish to buy their apartment, but wished to have it transferred to them as

their personal property. This is a logical remark. Not so long ago, we were assured that our earnings were low because a significant part of them was distributed through the social consumption funds, i. e., was invested in the construction of housing. Why should we pay again for what we purchased long ago with our low earnings?

Kazakh Minister Answers Joint Complaint

914D0066C Alma-Ata KAZAKHSTANSKAYA PRAVDA
in Russian 10 Oct 90 p 4

[Interview with G. Kh. Khalykov, KaSSR minister of housing and municipal services, by T. Kvyatkovskaya]

[Text] Our editorial office received a collective letter of unprecedented quality. First, it was signed not merely by 27 persons, but by general directors or chief engineers of oblast housing and municipal service production associations. The letter was signed by directors of the Taldy-Kurganskiy Experimental Communal Equipment Plant, the Kazremzhilstroy institute, the Alma-Ata City Vodokanal Production Association, by chief engineers at the Ural Kommunzapchast plant and the Kazgiprokommunstroy institute, and by the administrator of the Kazlift trust. That is, the letter was signed by heads of practically all subdivisions of the republic's municipal services.

Second, the letter bore the title "On the Extraordinary Situation in the Republic's Housing and Municipal Services and the Need to Strengthen Government Management of the Branch" as an alarm signal.

Third, such responsible authors of the letter, who represented 600 enterprises with an aggregate work force of 116,000 persons, obviously, not without purpose, took upon themselves the courage to make an awesome generalization in the very first lines of the letter: "The problems that have accumulated over decades have brought housing and municipal services to the brink of catastrophe today."

The figures and facts cited in the letter required an immediate meeting with G. Kh. Khalykov, KaSSR minister of housing and municipal services.

[Interviewer] Gazis Khalykovich, this letter is not signed either by you or by ministry personnel. But the letter itself is by its essence a serious act that required preparation, the meeting of its authors, and the development of common positions. Naturally, all this could not bypass the ministry. Hence you cannot fail to have your own official position on the questions raised in the letter.

[Khalykov] Naturally the ministry knows about this letter even though the authors that signed it displayed their own resolute initiative: they assembled for a meeting-seminar and reached a decision to appeal to the press and to the government. As regards the questions that were raised, no particular preparation was required here. The problems had become so urgent, so acute that it would be a crime to pass over them in silence. This, if you like, is my personal position. The letter did not have any ministerial signatures because it does not behoove a minister to send alarm signals to the press (he has the

opportunity of presenting his arguments to the government directly, which we have done repeatedly). Indeed, you will agree that the signature of people engaged in production carries more weight than the signatures of ministry apparatchiki who can easily be suspected of defending departmental interests.

[Interviewer] Let's take the bull by the horns immediately. Is the situation really so extraordinary that a catastrophe could be predicted?

[Khalykov] Judge for yourself. Our branch's fixed capital totals about 10 billion rubles. This is one-fourth of the capital of the republic's national economy. Its technical state is declining catastrophically; depreciation is as high as 70 percent. Let us decipher something to make things more graphic. Must we concern ourselves with the integrity of the housing inventory? We must. But only 2.6 percent of the dwelling houses are being repaired. This is one-half of the norm even though the norm itself is planned in the budget on the basis of the leftover principle. After all, if it were not for the leftover principle, we would not have 4 million square meters of housing in dilapidated housing in need of repair (approximately 500,000 persons are living under such conditions).

Kazakh housing's engineering equipment and the degree to which Kazakh housing is outfitted with running water lag significantly behind the level for the union; [Kazakh housing] has still less sewerage facilities and there is no reason to even speak about hot water supply.

Because I do not want to make unsubstantiated statements, I will cite figures: 13 city-type settlements and 32 rural rayon centers do not have a centralized water supply system; 21 cities, 98 city-type settlements, and 109 rayon centers do not have sewer systems and only 10 cities have purification facilities with the full technological cycle that guarantees the sanitary and ecological purity of the environment.

Is this the only circumstance that inspires the gloomy forecasts? But if I take full responsibility for my words and tell you on the eve of winter that 70 percent of the equipment of 1670 boiler rooms is obsolete and worn out, that there is a shortage of heat in 150 cities and rayon centers, and that winter also promises endless breakdowns of the old equipment—considering this circumstance, do you share the alarm of the letter's authors?

[Interviewer] The editors share this alarm and it is for this very reason that we are talking with you today. But there must be some kind of alternative to the forecast catastrophe. If your department's problems were addressed according to the leftover principle when things were centralized, now, at a time when local Soviets of People's Deputies have become the proprietors, it must be assumed that they will institute proper order in their municipal services. Perhaps only a few days remain until the law on the rights and functions of local Soviets is adopted.

[Khalykov] We must not delude ourselves with these hopes. I am not opposed to the independence of the local soviets. But even if the most economic of them makes the enumerated problems the primary focus of its activity, it will not be able to eliminate them soon. The soviet must first accumulate or earn money and form a mighty budget. Let us assume that it has already done so. But this is not enough. It will have to supply its municipal services with material-technical resources. Even then it will suffer fiasco. This year's allocations for capital and routine repairs and for the maintenance of local soviets' housing are on the average as follows: 1 bathtub for 452 apartments; 1 lavatory pan for 400 apartments, 1 wash basin for 300 apartments, and 1 radiator for 250 apartments. Not even veterans' claims can be satisfied with such supply! And Gosnab [State Committee for Material and Technical Supply] realizes the planned stocks badly. Here is an example for you. We were to have built a sewage treatment plant in Kzyl-Orda. Fourteen kilometers of pipe were needed. We went to the Ministry of Land Reclamation and Water Resources to obtain pipe, but there was no pipe. It had been planned and allocated!! They could not release it, but where it disappeared to is not known. We will now have to conclude a contract with Uzbekistan and offer one of our scarce products in exchange for the pipe. But what will the local soviets change when they obtain this pipe? This is an example of the objective unreadiness of the soviets to correct the situation. I can also cite an example of subjective unreadiness. In Alma-Ata, there is an acute shortage of bathhouses. The former central bathhouse on the corner of Oktyabrskaya and Mir streets was put up two years ago, but, according to the conclusion of the seismological services, it cannot be repaired and no decision is being taken to raze it. A newly built bathhouse with a self-service laundry at the 70th razyezd is not being put into operation because the plan is to hook it up to the power supply system only a year from now. There is the soviets' proprietary attitude toward municipal problems for you!

[Interviewer] For all the urgency of the problems, our talk with you is as if Minzhilkomkhoz [Ministry of Housing and Municipal Services] had not existed for decades, that it is not answerable for anything, and that this department has fallen to Kazakhstan from a distant planet in order to open our eyes to all our communal ills. But where was Minzhilkomkhoz yesterday and a long time ago when it should have been looking to the future and should have had some kind of program that targets the solution of these problems?

[Khalykov] But such a program, the "self-supply" program was formulated long ago. It is calculated for 1989-1996. It envisages the growth of capacities for the production of extremely scarce materials and products for municipal services. But it is by no means realized in full measure because it has not found the understanding and support of the republic Gosnab. But as you know, materials and equipment are needed to produce any product. There must in general be another attitude toward the branch on the part of planning organs and the

local soviets as well. I shall cite an example for convincingness. Every year, 1,200,000 m³ of garbage are hauled out of Alma-Ata. Only 300,000 m³ are processed at the plant. Is the processing of garbage unprofitable? Nothing of the sort! This year alone, 80 tons of nonferrous, 1,300 tons of ferrous metals, and an enormous quantity of polyethylene film and scrap paper were extracted from it. And this despite the fact that only one-fourth of the garbage was processed. It would be well to increase the capacities of the single plant. But the municipal services people are not able to secure the allocation of a plot of land in order to expand it. The impression is that it would be better for the city to increase the area of the city dump.

[Interviewer] The authors of the extraordinary letter to the editor demand preserving Minzhilkomkhoz under the conditions of the market economy as well while preserving the plurality of forms of property and the development of cost accounting. But if the ministry was unable to eliminate all the enumerated problems yesterday, why will we need it tomorrow under market relations? All ministries, having a presentiment of their total collapse, would like to preserve their apparatus and their functions of distributing funds.

[Khalykov] The abolition of our small ministry (which has a staff of a little more than 80 persons) presents no problem. But the vital spheres that are in our charge cannot be eliminated (and the problems cannot be eliminated by reducing the size of our staff). But these spheres are of such importance as the health sphere. It may be that we will not be called a ministry. But it is obvious today that oblast and city housing and municipal services administrations will require a coordinating center even after they receive the status of administrations of local executive committees. For scientific-technical progress (manual labor accounts for 60-70 percent in our department today). For the consistent, well-conceived development of production in order to provide the branch with the necessary equipment. This production can become profitable. Its products can become competitive in the union market, can promote ecological protection, and can conserve resources. For example, Kievites, under a Federal Republic of Germany license, have begun producing road-repair machines that cut up the old asphalt, process it, and lay it again. But how do we repair roads? Do we need such a machine? Indeed we do! We have begun negotiations with Kiev and the republic's Gidromash so that we can organize its production. Will our efforts be supported by the government?

The Ministry of Housing and Municipal Services should also be preserved so that it can perform intermediary functions between housing and municipal services subdivisions and large suppliers (after all, no large plant will release 300 lavatory pans to a gorispolkom [city executive committee] administration). All our interrelations with administrations can be based on contractual cost accounting, when we will receive money for the work we perform. If you read the letter carefully, you will see that

this is specifically how the question of the ministry's new functions is posed. There are no problems here. The problems are elsewhere. When the republic drafts the new economic problem, it must not ignore the opinion of our branch's specialists. To the contrary, the role and place of housing and municipal services in the national-economic system should be radically altered. All municipal services construction projects, all capital repair of housing and municipal services facilities should be the subject of a state order. The program for the radical improvement of the branch should become part of the republic government's program because water and heat in the apartments and sewage treatment plants are no less important to the health of the residents of Kazakhstan, to the preservation of their actual life than the medical part of the health program.

[Interviewer] I would like to leave our readers at least a slight basis for optimism. After all, just a year ago all municipal services were hardly in a better condition than they are today. But a year ago, no one frightened us with catastrophe.

[Khalykov] But we were all trained to wait until it thundered. It has thundered more than once and we are still counting on "maybe" and on "later." I will conclude with one more example. For a long time, the water shortage was an urgent problem in Eastern Kazakhstan. The entire water supply system there was very old. There was an earthquake. Enormous quantities of manpower and resources were quickly brought in to restore the destroyed regions. We, too, now had a convincing reason for justifying unplanned costs. Under this "thunder," with the aid of leak detection instruments we finally determined that there is water but the old water supply system has deteriorated to the extent that virtually all water in the system disappears in the ground. And if it had not been for the disaster, who knows? Perhaps we might not have had the opportunity to carry out the test and to begin the reconstruction.

I would not like to leave you or anyone else with grounds for naked optimism. Seventy percent of the fixed capital is worn out—this is the brink of catastrophe. There is no alternative to a dramatic change in the state's attitude toward the branch.

Readers' Letters

914D0066D Leningrad LENINGRADSKAYA PRAVDA
in Russian 23 Sep 90 p 2

[Article: "The Housing Question"]

[Text] The talk with Leonid Paydiyev, Leningrad City Soviet deputy; and journalist Sergey Grachev, which was published under this title ["The Housing Question"], evoked numerous responses from the readers. What was the attitude toward the privatization of housing? In what ways does the proposed radical reform attract and repel the letters' authors.

L. Paydiyev surveys the mail from the readers.

I shall first recall the essence of the offer: the practically free transfer of housing to the ownership of present apartment renters and the possibility of buying newly-built or renovated apartments on the basis of Leningraders' personal savings with the help of city subsidies, contributions from enterprises, and bank loans. Privatization will make it possible to create an apartment market and thereby decisively alter the economic interrelations between city dwellers and construction organizations. In the opinion of specialists, this will make it possible to increase the number of annually rented apartments 2-3-fold.

How did the readers react to our proposal? More than half of the letters contain unconditional support and businesslike proposals. "The dialog of deputy Paydiyev and journalist Grachev was timely, interesting, and merits attention and discussion"—opines engineer Ye. A. Lesman. "It is not easy to part with the hope of [receiving] a free apartment," the Kalinin family stated, seconding him, "but with the present rate of construction and prices, one will simply not live long enough for this to happen."

Here is one more sincere and exciting letter. "I, a sometime young specialist, was assigned to work in Leningrad. I went through all stages of humiliating housing," reports T. P. Gagarina. "Twelve years in a residence hall and 27 years in a communal apartment. Believe me, I am thoroughly acquainted with the housing question. The state assigned me 10 m² of living area because my family consists of one person and it is impossible to get out of this exclusive circle. I have been retired on pension for 3 years now because of family circumstances (to care for a sick mother whom I recently buried). And since I am on pension, I am 'out of the game' in the public mind. But I personally do not think so and I am will therefore be ready to take part in the work of the association that protects the interests of Leningraders who have been left by the wayside for one reason or another."

But by no means all the letters' authors support the idea of privatization. Some are opposed on ideological grounds. "This deputy," writes nurse N. M. Solovyeva, "proposes replacing free housing with the buying and selling of housing. What will come next? Capitalism?! He says that houses and apartments are not just housing, but capital. Let him go and live where apartments are capital."

This is seconded by K. V. Korzhavin, a participant in the defense of Leningrad and a veteran of labor, who states: "I am firmly convinced that nothing will come of this crazy idea because there is nothing more unpromising than trying to introduce individual capitalist management methods on our state's socialist base, to create the stillborn mishmash of 'kindergarten and forge shop.'" And this is not the first attempt in the last 2 years to fill the state's coffers at the taxpayers' expense...The unfortunate thing is that you simply want to shift all of the city's concerns to the inhabitants' shoulders."

Obviously, we must dwell in more detail on the situation that the city's housing inventory finds itself in today. We spend about 500 million rubles just to maintain it, 140 million rubles a year on the capital repair of buildings, and approximately 600 million rubles on the construction of new housing. (In general, however, incomes total 5,789 million; expenditures—11,934 million rubles). However, next year not all these resources can be secured to a considerable degree because of the higher cost of construction materials. Specialists predict the mass retirement of Leningrad housing in 2 years because of dilapidation. Expenditures on capital repairs will have to be tripled.

At the same time, the city treasury does not have funds for the reconstruction of housing, to say nothing of the construction of new housing. Where can the money be obtained? We hope that it will be possible to alter the procedure for financing the city and that Leningrad in the future as well will continue to retain a considerable part of its earnings and will use them as it sees fit. But even if such a decision is made by the Russian government, we will nevertheless have to look for additional reserves because of the large share of old housing and the poverty of the city budget.

Where? By raising and differentiating apartment rent, as previously proposed by deputies from the Leningrad City Soviet's housing commission? In itself this increase will not alter the economic situation and will not increase the number of apartments that are built. There is clearly a need for market relations under which producers rather than consumers would stand in line. This is why privatization is needed. And this has already been declared in the so-called "500-day" program that was adopted by the RSFSR Supreme Soviet and in the presidential Shatalin-Yavlinskiy program that is supported by M. S. Gorbachev and B. N. Yeltsin. This is also understood by the overwhelming majority of Leningrad City Soviet deputies.

So it is that we have no alternative to privatization. The form in which to carry it out and how to protect the interests of Leningraders are another matter. Many letters express anxiety that the transfer of housing to [private] ownership will lower the living standard of the population in the low-income brackets—pensioners, survivors of the blockade [blokadniki], and youth.

"The idea of privatization in construction unquestionably merits attention and should have a future as an element in the future urban economy," writes V. V. Ulyanov. But before forcing such a decision, all city dwellers must be given equal rights and social protections, i. e., must be placed under equal conditions at the start.

In my view, privatization should be carried out in two stages. First—for Leningraders who do not have their living area improved. Second—for those who need better housing. Otherwise the rules of the game proposed by the deputy for his voters will prove to be unequal for the players.

"In your article, I was disturbed by the qualification about tenants' purchase of surplus living area in rooms and apartments in the city's central rayons," reports I. B. Bykova. "But after all, this is directed against the city's old residents. It is they who for the most part live in the center, where they were frequently born, and since the rooms in the old housing inventory are large, they have surplus area compared with sanitation norms. But what will happen with elderly people if they do not have the money with which to make the buyout? Will they then in fact be moved out of the building in which they have lived all their life? What is more, there will be selection that will be undesirable for the cultural level of the city since native Leningraders—who are for the most part impoverished members of the intelligentsia—will be replaced by enterprising people. Approximately the same thing happened during all the years of Soviet power and it did not lead to anything good. Therefore, while I approve your initiative on the whole, I ask you to think about these circumstances as well."

Once again about conditions, especially regarding additional payments for surplus [housing]. It will not be high, especially for tenants of communal apartments. The size of this additional payment will depend on the number of [square] meters, on the number of members in the family, on living conditions, on the comfort level, and on people's social status. But at the same time the additional payment will also help to make the distribution of housing area more just. After all, we have many examples where a single elderly person lives in several rooms of a communal apartment, while young families huddle together in tiny 10-meter rooms. And how many drunks and idlers do we have living in our center? How much living space is vacant (according to some estimates—about 10 percent)? Someone will obviously have to move, to change apartments, but that is natural. Incidentally, the most active, affluent part of the population live in the central part of the city all throughout Europe.

Incidentally, our program does not by any means pose resettlement as its task. To the contrary, we want to give people the right to choose where and how to live. If they want to continue to live in a large room in a communal apartment, the more power to them. But at the same time, they will know that if they sell their 35 meters in the center of the city, they could buy a separate, furnished apartment in Kupchin, on Lake Dolgoye, or in Gatchina. In general, if we talk about the protection of the interests of the low-income strata of the population, it is specifically privatization that gives them some kind of real material guarantee when the transition is made to the market.

Privatization will make it possible for tenants to be more effective in their spending on home maintenance even though many readers fear that they will have to pay apartment owners much more. For example, A. N. Matveyeva, a [female] pensioner writes: "Since the housing offices will be replaced by cooperative-like associations that will shift all repairs, the maintenance of the

dvornik [man who takes care of the yard and pavement in front of a house], and other expenses to the tenants, we will have to pay 2-3 times more than before. Where shall we pensioners with pensions of 80, 90 or 100 rubles find the money? And to whom will we be able to complain then?"

These fears are not without foundation. But does everything here really depend on the tenants themselves? It is in their power to elect a manager who will skillfully organize the servicing of their building. Experience shows that this can be done in such a way that payments for services virtually do not increase and while the quality of services improves dramatically. The same can also be said about capital repairs. Naturally it will have to be done at the tenants' expense. But at the same time, the tenants of a building will receive a subsidy from the city (its size will depend on the right to benefits) or, if necessary, a bank loan so that the sum may be entirely acceptable. They may not become involved with repairs, but may sell the building and use the proceeds to build or buy a new one. It must be taken into account that the cost of land will be included in the cost of an apartment. In 1913 a square meter of land in Okhta was one-thousandth the cost of a square meter of land at Nevskiy.

Finally, the last, quite large group of letters came from members of ZhSK's [housebuilding cooperatives]. "If ZhSK's are to have the same rights as private houses," writes L. M. Obukhova, chairman of a ZhSK, "why then do we need cooperatives? Will they be abolished then and the money returned?"

Today almost one-tenth of all Leningraders live in ZhSK's and their interest in this problem can be understood. How can it be resolved? Entirely possibly with the payment of compensation. But this question requires a referendum because it entails too large sums that the city would have to pay out at the same time.

These are only a few commentaries on letters that continue to reach the Leningrad City Soviet's planning-budget-financial commission and the newspaper's editors. Obviously, in the near future, following the adoption of the nation's economic program and the corresponding decisions by the Leningrad City Soviet, the privatization of housing will take on more concrete contours and then we will return to the topic once again.

Our Reference Data

The readers will probably be interested to learn about the price of apartments in tsarist Russia. We shall cite them on the basis of data in Suvorin's "Russian Calendar." So it was that apartment rent between 1915 and 1917 depended on the city, rayon, location, area, and comfortableness of housing. In first class cities (which included both capitals), there were 35 categories of apartments, the rental of which ranged from 300 to 6,000 rubles a year.

In second class cities (which include, e.g., Baku, Warsaw, Irkutsk, Odessa, Kronstadt, Tsarskoye Selo, and others), there were 36 categories of apartments with annual rent ranging from 225 to 4,500 rubles. In third

class cities such as Gatchina, Voronezh, Kostroma, Vladimir, etc., there were 27 categories of apartments for which tenants paid from 150 to 3000 rubles a year. Fourth class cities had 29 categories of apartments ranging from 120 to 2,500 rubles. Fifth class cities—19 categories ranging from 60 to 1,200 rubles.

It can easily be noted that the difference in apartment rent in our city was 20-fold. These rates were established by the market.

PERSONAL INCOME, SAVINGS

Students' Standard of Living, Meeting With Gorbachev Described

914D0094A Moscow TRUD in Russian 25 Dec 90 p 2

[Interview with G.F. Budyak, chairman of the USSR Association of Student Trade Union Organizations, by F. Yemchenko, TRUD correspondent]

[Text] The third conference of the USSR Association of Student Trade Union Organizations was recently held in Moscow. Conference delegates adopted an appeal to USSR President M.S. Gorbachev. A TRUD correspondent met with G.F. Budyak, the chairman of the association's board, and asked him to answer a number of questions.

[Yemchenko] As is known, the nation's president met with student representatives a little more than a month ago. Judging by press reports, M. S. Gorbachev supported your demands and issued certain orders aimed at solving social problems confronting students. We remember that the participants in the meeting went home with their spirits high. What inspired your present appeal to the president?

[Budyak] You are correct. The meeting with Mikhail Sergeyevich filled us with great hope. We saw that the head of state relates with understanding to the problems we were talking about. Principal among them was the financial plight of students during the nation's transition to market relations. You will agree that even the present food prices make it impossible to live on 60 rubles a month. It is not difficult to guess what this can lead to. A significant part of the young people will be unable to exercise their right to an education. The nation will lose their intellectual potential. Its future will be even more difficult than it is now. In brief, we posed the issue in very definite terms: if the state is interested in preparing competent, intelligent specialists, it has the obligation to find the resources that will make it possible for students to study properly rather than by fits and starts after working the night shift as stokers.

[Yemchenko] Today everyone is asking the government for money. And yet each of us realizes that these raises will not mean anything in view of the growing scarcity of commodities. Inflation will swallow them up before the Council of Ministers can issue its next decree raising

payments to the needy. I fear that even dramatically higher scholarships will not solve the problems that exist in student life.

[Budyak] We are demanding not merely that the scholarships be raised, but that they be established at the level of the minimum living standard. But it should be real and confirmed by the calculations of specialists rather than the 70 rubles determined by government officials. Taking compensation depending on the price index of food and the primary necessities into account, this sum should be sufficient not only for biological survival but also for fruitful studies.

Incidentally, this was not the only problem that was discussed at the meeting with the president. We also offered our specific decisions regarding social protections for students. In particular, tax exemptions for student entrepreneurship. If the state is unable to allocate us any resources, then at least let it not take away the money that we have earned.

The legal status of students at a VUZ [higher educational institution] was also discussed. Today they are absolutely without rights before the rectorate and the teaching staff. It seems to me that the attitude toward them is expressed most precisely in the popular joke: an institute could work, an instructor says, if it had no students. We believe that there must be a legal basis for concluding an agreement between the student trade union organization and the rectorate. It is essential to establish a procedure that prohibits dismissing students from an institute without the consent of the trade union organization. Students must feel that they are independent people at a VUZ. They will then become competent specialists with a feeling of personal dignity.

I want to emphasize that in his speech at the meeting with the student aktiv, M.S. Gorbachev agreed that there were no contrived problems in our appeal to him. All of them were timely and demanded an immediate solution. He then and there ordered the government to find acceptable variant solutions to the given problems.

[Yemchenko] But you are nevertheless compelled to appeal to the president again. Has the state bureaucratic machine bogged down or has the situation changed to such an extent?

[Budyak] The meeting that we sought after so long has unfortunately not yet produced the expected results. The order to the government has remained practically unfulfilled. But let us take everything in order. N.I. Ryzhkov declared at that meeting that he was instructing A.N. Medvedev, the head of the Council of Ministers' department of culture and public education, to concern himself with our problems, and even named a specific deadline for resolving them: the middle of November. It was decided to create a task force from participants in the meeting and representatives of interested agencies to draft a presidential ukase and a USSR Council of Ministers decree. We declared our willingness to begin developing variants of such a document. We asked that only

specialists be assigned. The force formed and began work on 8 November. To be sure, none of the interested agencies seriously participated in this work. They all said that they had too many other things to do. We ourselves visited ministries and the Council of Ministers to coordinate one or another principle. And exactly a week later, we submitted the draft decree to the Council of Ministers, ministries, and departments. But they received it without enthusiasm. Instead of examining it and discussing it in a businesslike fashion, they began explaining to us that such documents are not prepared in such a period of time, that affairs of state are not decided in haste. Everything has to be weighed.

We nevertheless managed to have our draft [decree] examined by the USSR Council of Ministers. We assembled our task force and invited representatives of departments to participate. But instead of a businesslike discussion and concrete proposals, we heard many correct words to the effect that these problems are important, that they must unquestionably be resolved, but...

Some reputable government officials recalled their own student days. At that time, the scholarship was 40 rubles. Nevertheless they studied and lived rather well. At any rate, it would not have occurred to anyone to demand any additional subsidies from the government.

It was obvious that none of the participants in the meeting had seriously studied either our first appeal to the president, which had been sent to them as far back as 2 November, or the draft decree prepared [by us] for the USSR Council of Ministers.

[Yemchenko] But some kind of decision was obviously reached at this meeting at the Council of Ministers. Is that not so?

[Budyak] Yes, of course. There we learned that another presidential ukase was being drafted in parallel with ours, but [that its focus was] on youth problems rather than student problems. Incidentally, a sitting of the USSR Supreme Soviet's Committee on Youth Affairs deemed it unfeasible to draft a separate document on students. This idea—to combine youth and student problems in a single document—was supported by L.A. Voronin, 1st deputy chairman of the USSR Council of Ministers, by representatives of Goskomtrud [State Committee for Labor and Social Problems], and other agencies. The Goskomtrud representative tried to comfort us: don't worry, all your problems are covered by the USSR Council of Ministers decree "On Youth Policy." I think that he knew very well, however, that the document on this same policy had already been before the USSR Supreme Soviet for one and one-half years and it was not known when it would be adopted.

After such a "talk" at the Council of Ministers, we realized that we would have to wait a very long time for the president's order to be carried out. Another confirmation of this point was the fact that no one in the Council of Ministers responded to our proposal to participate in the work of the conference.

[Yemchenko] Specifically, what was the appeal of conference delegates to the head of state this time?

[Budyak] In our appeal we expressed serious concern about the fact that the president's promises to resolve student problems—that are known to the entire country—are not being implemented. Instead of adopting tangible measures, the government has organized a protracted bureaucratic "game." Student confidence in our country's executive power is waning. We cannot test youth's patience further. We clearly recognize the fact that the impendent market will frankly impoverish the majority of students. And this can lead to a social explosion.

ENERGY COMPLEX ORGANIZATION

Technical Shortcomings of Chernobyl AES Played Down

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[Article by T. Korsakova (Kiev, Kurchatov, Poltava, Tallinn and Moscow): "Doomed to Explode?"]

[Text] It would seem that the causes of the accident at Chernobyl have been identified. But questions still remain.

A version.

On a cool spring morning, the duty officer of a Swedish AES had barely begun his shift when he observed on the instruments an increase of radioactivity in the air. His own nuclear furnace proved to be lily white, and suspicion fell on the big neighbor across the Baltic. The synoptic charts gave the wind direction, the power workers put a ruler on the map, and it indicated Ignalina. They did not have the good sense to take a look farther along the line—are these the kinds of forces that the discharge should have in order to spread all over the world? They queried the Soviet Government but, not expecting a speedy reply, they turned to the Americans for assistance. They scanned Soviet territory from a satellite, and the Slavic word Chernobyl became an everyday word on the planet. This is one of the versions of how simply and rapidly "they" themselves found out about our next monstrous misfortune.

Chernobyl...It is a kind of clearing in the woods. A city that is the center of a district. There is a Soviet AES. There is an explosion of destructive force. A nuclear catastrophe comparable with Hiroshima. Finally and most unpleasant for prestige—it is a symbol of our disorderliness, our clumsiness, our negligence....

The ominous red "AZ" [emergency shutdown] button impudently intrudes between the erstwhile honor and well-being of Soviet nuclear power engineering and the nuclear nightmare of Chernobyl. It is accident protection. They squeezed it in order to dampen the reactor, but the latter somehow blew up.

He Pressed the Button

In the center of Tallinn, in a home that is not old but new, in a clean and saddened apartment, I am looking through a family album. A dark-eyed tot with a rattle. A likable thoughtful schoolchild. He liked to study and loved mathematics and physics. He was, in the words of his school mates, "astonishingly accommodating." He was keen on boxing and unarmed self-defense. The youngster wore glasses....I was struck by the fact that, in all the pictures, I looked at the hands of this man. It is he that pressed the red button.

We are sitting and talking with his daddy and mama.

In the night after the accident they slept poorly: "Something is the matter with Lenechka." Then came a telegram from an acquaintance of their 25-year old son. They went to Moscow, to the 6th Hospital.

"They offered me a prophylactic," and it calmed Leonid's parents.

But in a few days a woman-surgeon pronounced the merciless words:

"In order to save him, one needs a body, and he has no body."

"What? None?!"

"Yes. There is only one solitary speck on his spine that is clean and not irradiated."

Leonid Toptunov died 14 May. He was buried, just like the others, in a coffin lined with foil. At the Mitinsk Cemetery some man notified Fedor Danilovich about the "high radioactivity" of the Chernobyl grave (which was not true), and then, realizing who stood before him, spit in his face:

"Your son-of-a-bitch set it off."

After the courage and heroism manifested, as was stated in the document, L. Toptunov's name was inscribed posthumously in the Honor Book of the Komsomol Central Committee. And in that decision there is no exaggeration: Leonid did not run away from the AES but climbed into the intense heat. Everyone there was trying, not knowing the magnitude of the catastrophe (but already sensing it by instinct, in their gut and their skin, which was singed by the nuclear sunburn, and by instruments in the case of those who carried them), they were trying at least to do something to repair and to suppress things. But the wind was already carrying thousands and thousands of curies of radioactivity to sleeping Polesye, and farther and farther on.

The myth about the safety of Soviet nuclear reactors was destroyed.

But who contributed the most? Personnel? Or not just personnel?

The Cassandra of the Nuclear Century

In half a year, more precisely in six months and five days, prior to the Chernobyl catastrophe, A.A. Yadrikhinskiy, inspecting engineer for nuclear safety at the Kurskaya AES, sent to higher authority in Moscow a registered letter, which gave us the full right to name its author the Cassandra of the nuclear century.

In the letter, then ("not for the press," naturally), Aleksandr Aleksandrovich set forth his views on the safety of RBMK's [uranium-graphite channel-type reactors] and drew the following conclusions: the scientific management and the Chief Designer (not the people but whole institutes—T.K.) must make independent analyses...all the reactors must be shut down in order to

rebuild the SUZ's [control and protection systems]...and all this was in detail and in figures....

"Don't you want too much, ordinary inspecting engineer?" I thought to myself.

Yadrikhinskiy looked at me intently with deeply piercing eyes, with the glances of a native of Velikiy Ustyug:

"Indeed, they had had enough time to make the reactors safe...Do you understand? Afterwards, indeed, they did so...."

...In general, everything seemingly happened accidentally. Retiring in 1984 on a nice pension, Aleksandr Aleksandrovich had worked his whole life with the atom, and since 1975, while operating the Kurskaya AES, he received a proposal to take on this very post of inspecting engineer for nuclear safety. He agreed under protest.

And he was motivated...by nuclear safety.

And he began—with doubts.

"Earlier—when you were working—can it be that you were not interested in safety questions?" I ask.

"I took the examination every year! But I did not delve into it deeply, of course. Like everything else. And now I had an official obligation to study, to emphasize, to reflect, to dig into it. I thought about how a reactor should be designed if the safety rules are followed precisely, and how ours was designed...The main thing is that I understood that, in a reactor of the given type, a momentum based on prompt fission neutrons can build up, just like what happened at Chernobyl!...You know the rest."

Further—on 21 October 1985 he sent out, I repeat, a registered letter with the results of annual thoughts to Gosatomenergonadzor [State Committee for Safety in Industry and the Nuclear Power Industry], and I got the answer that its conclusions were groundless.

After the catastrophe, as a result of which the "groundless" conclusions were confirmed so strongly and frighteningly, A. Yadrikhinskiy was assigned for several months as inspector for nuclear safety at the Chernobylskaya AES—and this was an exact copy of the Kurskaya AES—to take the place of the mortally exhausted Yuryi Laushkin (who, as a result, later was convicted and imprisoned, and released because of illness, and then passed away, not surviving even a month of freedom).

At Chernobyl, the calmed-down and pedantic Ustyuguer received access to all the documents and facts and did not fail to make use of them. The result of his labor, the report, "The Nuclear Accident at the Fourth Power Unit of the Chernobyl AES and the Nuclear Safety of RBMK Reactors," is well known already to many, although it still has not been published anywhere (and a publishing house which will do it must be found). "Interested parties," of whom there are not just a few, know Aleksandr Aleksandrovich's work well. These are the

surviving ChAES [Chernobylskaya AES] operators and simply objective people who want to find out the truth. For example:

"Haven't there been shifts in emphasis in the information about the explosion at the Chernobylskaya AES which the Soviet side presented to MAGATYC in the summer of 1986 (and, correspondingly, also to the CPSU Central Committee Politburo)?"

"Haven't deficiencies of the reactor itself been spoken about too mildly?"

"Were the commissions of the various levels, which definitely included representatives of the whole family of creators of the RBMK-1000 and of the AES, objective enough?"

"And so on."

A. Yadrikhinskiy answered absolutely definitely on the matter of guilt of the personnel:

"One must not accuse the personnel—they acted correctly. But it is precisely this which led to the explosion. Although faults can be found with conduct of the experiment, they should not have led to such terrible consequences."

I believe Aleksandr Aleksandrovich's conclusions, although, frankly speaking, it is difficult to believe in the complete innocence of the personnel—it is difficult to believe in the rightness of the daredevil who is guilty of an accident on an icy road.

The Irradiated Prisoner

One of those for whom the independent report of Yadrikhinskiy came in perfectly handy was Anatoliy Dyatlov, former deputy chief engineer for operations of the ChAES's second line....

We met with him in a colony where he, who had a dose of 495 REM's, spent more than three years (and only recently was freed, thanks to the efforts of Yelena Bonner, colony chief V. P. Khizhnyak, his comrades and the President himself). Worn out with illness and the endless analyses and thoughts about the accident, Dyatlov said:

"Three times they treated us shamelessly. We were hurt, we were crippled. We were covered with filth. And they imprisoned whomever they could."

Dyatlov was himself the chief in charge of the experiment, whose purpose was to clarify the behavior of the equipment in cases of sudden accident and which, alas, led not to just an accident but a catastrophe. For those who know I recall, and for the unenlightened I report, that said experiment should have been conducted back before the startup of the fourth unit, but the State Commission was in very much of a hurry and, having decided to defer various "insignificant" tests until later, calmly signed the certificate of acceptance for the power unit precisely on 31 December 1983, and just as precisely on the last day of the year they accepted apartment